



Daily Report

China

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General

Chances for U.S.-USSR Summit Discussed

OW251037 Beijing XINHUA in English 0831 GMT
25 Nov 87

["Commentary: Severe Test — Prospects for U.S.-Soviet Summit (by Wang Chongjie)" — XINHUA headline]

[Text] Beijing, November 25 (XINHUA)—Arms control is expected to be the centerpiece of the agenda for next month's summit between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan, their third in three years. But the major question is whether the 40-year arms race will continue or if the superpowers' huge arsenals can be gradually reduced.

The two superpowers seem always to be vacillating between two minds. On the one hand, they have shown tendencies towards arms reduction. But on the other hand, they can hardly wriggle out of their old ideas about the arms race. The contradiction is best manifested in the past three years of marathon negotiations on medium-range missiles, strategic weapons and space-based arms.

First, after numerous ups and downs in talks, they eventually arrived at an agreement in principle two months ago and announced yesterday all remaining issues on reaching a treaty scrapping all superpower intermediate nuclear forces (INF) were resolved, and an INF treaty will be signed during the upcoming U.S.-Soviet summit scheduled for December 7-10 in Washington. Though the weapons to be banned under the INF treaty only make up about 3 percent of the total superpower nuclear arsenals, it is the first ever superpower accord on nuclear arms reduction in this nuclear era.

Second, despite their oft-stated willingness to reduce half of their strategic nuclear weapons, the two superpowers have not yet reached a relevant agreement. They are still bargaining on the proportions of strategic weapons to be reduced and the time duration in which the two sides will stick to the 1972 Anti Ballistic Missile Treaty.

Third, the two superpowers are locked in a dispute over space weapons. The United States insists on the Strategic Defense Initiative (SDI), also known as the "Star Wars" program, while the Soviet Union threatens to take counter-measures. There are no foreseeable prospects for an unmilitarized outer space.

A review of the last two summits points up the contradictions.

In the joint communique issued during their November 1985 summit in Geneva, Gorbachev and Reagan declared that they had agreed to speed up negotiations to "avoid an arms race in outer space, terminate the arms race on earth, and limit and reduce nuclear weapons and strengthen strategic stability."

Their October 1986 meeting in Reykjavik, the capital of Iceland, seemed initially to offer a chance for a large-scale arms reduction. That, however, has never come true. Now, after exhaustive negotiations that had bogged down time and again, the superpowers have finally ground away at a tentative INF agreement. But they have made little progress in other fields. It is obvious that many of their words of peace and disarmament have yet to be put into deeds.

Great changes have taken place in the world since World War II. As more than 40 years of history has proven, an unbridled arms race can only add to the danger of war. Aggression and forceful expansion in the rest of the world will get nowhere. It has become the historical trend of our time for people of all countries to maintain peace and strive for development. This is the objective reality all clear-headed statesmen must seriously consider.

If the superpowers look at their drawn-out arms race and the present world situation, it should become clear to them that they should have made wiser choices long ago:

- by the early 1970s the two superpowers had reached a rough balance in their strategic weapons and military forces. The Soviet Union was more engaged in arms expansion in the latter half of the last decade, while the United States stepped up the overall arms race in the first half of the 1980s. All this has failed to break the basic strategic balance between the two rivals;

- their nuclear arsenals could ruin the world many times. Any attempt to launch pre-emptive nuclear attacks on the other would, beyond all doubts, incur devastating counter-attacks. No one can get the upper hand in a nuclear war;

- neither of the superpowers can achieve absolute military superiority if they intensify and broaden the arms race in the years to come. An escalation of the arms race can only lead to the "escalation of terror";

- large-scale arms reduction would aid peace and development rather than affect their military and strategic balance.

However, the arms race is still escalating, and has cost a great deal of manpower, material and money.

Since the beginning of this decade, U.S. military expenditures have steadily grown to about 300 billion dollars per year. Meanwhile, the federal debt has skyrocketed from 800 billion dollars in 1981 to the present 2,370 billion dollars. That staggering federal debt represents more than half of the total U.S. gross national product (GNP).

From 1981 to 1986, the federal financial deficit added up to 988.6 billion dollars and the U.S. foreign trade deficit to 529.1 billion dollars. The deficits have turned the United States from the biggest creditor country into

the world's largest debtor nation. The favorable balance of trade it used to enjoy has been replaced by a huge foreign trade imbalance. And still worse, the recent U.S. stock market crash has caused a great stir and panic in Western financial circles.

The Soviet Union, with a GNP of a little more than half of that of the United States, also has invested heavily in the arms race. In the late 1970s and the first half of this decade, its social and economic development came to a "standstill" and a "pre-crisis state," coupled by a variety of intensified contradictions.

The staggering cost of the arms race has apparently been an important factor in the economic and social problems both countries are encountering.

The arms race also contributes directly to international tensions and poses a grave threat to world peace. Many scientists have pointed out that once a nuclear war breaks out, all of mankind will be confronted with the problem of life and death; and that even a technical mistake would bring about catastrophic consequences. This is no alarming exaggeration but a serious analysis on the huge pile of superpower nuclear weapons deployed on land, at sea and in the air.

The entire world is strongly opposed to the arms race and to pursuing foreign policies by force. Will the upcoming U.S.-Soviet summit usher in a good start for gradual arms reduction or be just another diplomatic performance in the process of a continued arms race? It is a severe test confronting the leaders of the two superpowers.

United States & Canada

Bo Yibo Discusses Computers With U.S. Guests
OW241624 Beijing XINHUA in English 1456 GMT
24 Nov 87

[Text] Beijing, November 24 (XINHUA)—Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met Richard Yen, vice-president of the U.S. Digital Equipment Corporation (DEC), and his party here this afternoon.

During their meeting, they had a cordial conversation on cooperative development of computer software.

Present on the occasion was Zou Jiahua, minister in charge of the State Commission for the Machine-Building Industry.

Shultz Optimistic on Geneva Results
OW250156 Beijing XINHUA in English 0135 GMT
25 Nov 87

[Text] Geneva, November 24 (XINHUA)—The U.S.-Soviet foreign minister meeting in Geneva has resolved all the remaining major issues of the treaty scrapping the Intermediate Nuclear Forces (INF).

U.S. Secretary of State George Shultz made the remarks here today at a news conference shortly after his 2-day meeting with Soviet Foreign Minister Eduard Shevardnadze.

Shultz said the treaty will require the destruction of 1,500 Soviet missiles and 350 American missiles over a 3-year period. There are around 700 warheads, he said, which, though not deployed, must also be destroyed.

Both Shultz and Shevardnadze said they had done good work and the treaty was a significant first step.

The treaty is now essentially complete and is to be signed by President Ronald Reagan and Soviet leader Mikhail Gorbachev during their third summit meeting in December.

Shultz said he and Shevardnadze also discussed cuts on strategic arms but reached no agreement.

They also discussed the Gulf War and the conflict in Afghanistan. Shultz said the Soviets declined to set a timetable for the early withdrawal of their some 120,000 troops from Afghanistan.

Shultz will fly to Brussels to report the outcome of his talks with Shevardnadze to NATO allies.

Northeast Asia

Sino-Japan Economic Conference Opens
OW241629 Beijing XINHUA in English 1455 GMT
24 Nov 87

[Text] Hangzhou, November 24 (XINHUA)—The second Sino-Japan economic cooperation conference opened here today.

Speaking at the opening ceremony, Chinese and Japanese officials expressed their hope for closer Sino-Japanese economic and technological cooperation.

During the four-day meeting, representatives from Japanese firms, enterprises and financial and banking organizations will have talks with their Chinese counterparts on projects in textile, machinery, electronics and chemistry industries.

The conference is jointly sponsored by the China International Trust and Investment Corporation (CITIC) and the Japan Chamber of Commerce and Industry.

The first conference was held in Tokyo in October last year.

Jilin Cultural Delegation Visits DPRK
SK250641 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 24 Nov 87

[Text] At the invitation of the literary and artistic publishing house of the DPRK, the delegation of the Changbaishan Korean-language magazine house [words indistinct], with (Jin Rongshi) as its head, and several deputy heads, including (Hu Linghuan), member of the secretariat of the provincial writers' association, and (Lai Yongxian), concurrently president and editor-in-chief of the Changbaishan Korean-language magazine house, left Jilin on 24 November to continue its 15-day cultural exchange activities in Korea.

DPRK Provincial Delegation Visits Liaoning
SK250644 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 24 Nov 87

[Text] After satisfactorily concluding its friendly visit to Shenyang, the six-member party's workers delegation headed by Ko Yun-mo, secretary of the South Hwanghae Provincial Committee of the Workers Party of Korea [WPK], left Shenyang by train on the morning of 24 November.

The delegation arrived in Shenyang on the morning of 22 November. On the evening of 24 November, Sun Qi, deputy secretary of the Liaoning Provincial Party Committee, cordially met with and feted the Korean comrades.

While staying in Shenyang, the delegation visited the Shenyang towel plant, the Shenyang winery, the (Jiulu) farm product trade market, and (Ningguan) Village of the Yangs' Township of Yuhong District.

Southeast Asia & Pacific

Gu Mu Ends Visit to Australia
OW241647 Beijing XINHUA in English 1206 GMT
24 Nov 87

[Text] Sydney, November 24 (XINHUA)—China's deepening reform and greater openness will undoubtedly accelerate its economic development and provide more favorable conditions for its economic and technological cooperation with Australia and other countries, Chinese State Councillor Gu Mu said here today.

Speaking at a press conference on the last day of his 11-day visit here, Gu said China has decided to make Hainan Island into the country's largest special economic zone by practising all open-up methods usually applied internationally. The tropical island, now part of the Chinese southern province of Guangdong, will become a province next year.

China has decided to take major steps to develop tourism into a major section of China's economy, he said.

On the impact of the recent share crash on China, Gu said: "We cannot say that China's economy is not affected by the collapse of the Western world share market, because China's economy is opened up to the outside world. But it is not affected greatly because basically China's economy is independent and based on self-reliance."

The newly-signed Sino-Australian Channar Iron Mine project agreement in Perth indicates that the economic cooperation between the two countries has entered a new stage, he added. Both Gu and Prime Minister Bob Hawke attended the signing ceremony.

Under the agreement, China and the Hamersley Iron Pty. Ltd of Australia will jointly develop the Channar Iron Mine in Pilbara area, western Australia, and the mine will supply iron ore for China's iron and steel industry.

As for areas of mutual cooperation, Gu said, there are broad vistas of economic cooperation in the fields of iron and steel, non-ferrous metal and wool spinning, transportation and animal husbandry.

Gu Mu and his delegation left Sydney for New Zealand late this afternoon.

Gu Mu Arrives in New Zealand
OW241649 Beijing XINHUA in English 1232 GMT
24 Nov 87

[Text] Wellington, November 24 (XINHUA)—Chinese State Councillor Gu Mu arrived in Christchurch on the south island of New Zealand tonight for a six-day official visit to the South Pacific country after his Australia tour.

Being the most senior Chinese official to visit New Zealand this year, Gu Mu's visit is a follow up of a trip to Beijing by New Zealand Deputy Prime Minister Geoffrey Palmer last March.

While in Wellington, he is expected to meet Prime Minister David Lange, Deputy Prime Minister Palmer and ministers of the New Zealand cabinet.

Included in his itinerary are visits to a number of technology-oriented institutions and places of tourist interest across the north and south islands of New Zealand.

Sub-Saharan Africa

RENMIN RIBAO on 'Blood Crime' in Angola
OW241708 Beijing XINHUA in English
1200 GMT 24 Nov 87

[*"People's Daily Commentary—Pretoria To Reap What It Has Sown"—XINHUA headline*]

[Text] Beijing, November 24 (XINHUA)—South Africa's attempt to divert international concern from the southern African people's freedom drive by launching military incursions into Angola is bound to be in vain, China's leading newspaper commented today.

"The Chinese people strongly condemn the racist regime's new blood crime," the official Chinese paper the *People's Daily* said when charging South Africa with invading neighboring Angola and killing and wounding more than 2,000 people. "Pretoria is sure to reap the bloody crime it has sown," the paper warned.

During the past several weeks, South Africa has sent more than 4,000 troops, dozens of aircraft and more than 100 pieces of artillery into southern Angola to stage massive attacks against Cuban-backed Angolan government forces.

Pretoria claims that its men are fighting on behalf of Angola's rebel movement, the National Union for the Total Independence of Angola (UNITA), which has been fighting for 12 years with South African assistance to force the Angola Government to negotiate a power-sharing agreement.

People's Daily charged that Pretoria's military intervention has the "ulterior motive" of diverting world attention away from the situation in Southwest Africa, known as Namibia, and of hampering southern African front-line countries' support for both the anti-apartheid movement in South Africa and the Namibian independence struggle.

South African authorities have insisted on a "linkage" formula that would require the withdrawal of some 30,000 Cuban troops from Angola as a condition for the independence of Namibia.

However, Angola said the Cubans will be withdrawn only if South Africa and the United States end their support for UNITA and if Pretoria first grants independence to Namibia.

Early in September, Angola proposed that an agreement should be signed jointly by Angola, Cuba, South Africa and Namibia to implement UN Security Council Resolution 435 which in 1978 called for an independent Namibia.

The proposal, widely supported by African and Western countries, directed South Africa to withdraw its troops from southern Angola and end its support for UNITA. In return, Angola would agree to the withdrawal of Cuban forces within two years.

Early this month, the United Nations adopted another series of resolutions calling for Namibia's independence and warned South Africa that it might impose sanctions during the next UN Assembly Session if Pretoria continues to violate Resolution 435.

Last Friday, the UN Security Council made an urgent appeal for greater international pressure to force South Africa to give up its policy of apartheid and aggression.

The *People's Daily* also said Pretoria's outrages will not help the racist authorities escape from pressures at home and abroad. "Rather, this will result in wider international condemnation," it added.

NPC Vice Chairman Meets Sierra Leone Group

OW240617 Beijing XINHUA in English
1231 GMT 20 Nov 87

[Text] Beijing, November 20 (XINHUA)—Seypidin Aze, vice chairman of the Standing Committee of China's National People's Congress, met here today a government cultural delegation from Sierra Leone, led by Augustine Kembe Stevens, state minister of education, cultural affairs, and sports.

West Europe

Li Xiannian, Party Return From European Tour

OW241341 Beijing XINHUA in English
1054 GMT 24 Nov 87

[Text] Beijing, November 24 (XINHUA)—Chinese President Li Xiannian and his wife Lin Jiamei returned here today by special plane after a state visit to France, Italy, Luxembourg and Belgium.

Chinese Vice-Premier Qiao Shi, who accompanied Li on his visit to the four European countries, arrived here on the same plane.

Greeting Li and his party at the airport were Ulanhu, Chinese vice-president, Wu Xueqian, state councillor and foreign minister, and Wang Hanbin, secretary-general of the National People's Congress Standing Committee.

Also present at the airport to greet President Li and his party were embassy officials from the four European countries and other diplomatic envoys to China.

Li Tour 'Successful, Fruitful'

HK250534 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 25 Nov 87 p 1

[Editorial: "Strengthen Friendly Cooperation, Safeguard World Peace—Greeting President Li Xiannian's Successful Visit to West Europe"]

[Text] President Li Xiannian has finished his state visit to France, Italy, Luxembourg, and Belgium. He returned to Beijing yesterday. This was the first foreign visit made by a Chinese state leader after the 13th CPC National Congress, and it symbolized the further development of the friendly and cooperative relations between China and the West European countries. Chinese leaders have made many visits to West Europe, and the recent visit by President Li further increased the mutual understanding

between China and the West European countries; promoted the development of bilateral friendly and cooperative relations; made positive contributions to the maintenance of world peace; and was completely successful and fruitful.

During the recent visit, President Li held cordial talks with the state leaders of the four countries, and exchanged opinions on issues of common interest. He welcomed the agreement in principle reached by the United States and the Soviet Union on dismantling intermediate-range and short-range missiles, believing that this is favorable to the detente in East-West relations. At the same time, he also pointed out that intermediate-range and short-range missiles account for only 5 percent of the nuclear arsenal of the United States and the Soviet Union, and the two countries still possess a nuclear force that could destroy the whole world dozens of times over. Therefore, he expressed the hope that the United States and the Soviet Union will take the agreement on intermediate-range missiles as a starting point and carry out serious disarmament negotiations in other fields to reach further agreement. As President Li pointed out, "For the security of all nations in the world, all peoples should continue to make efforts to prompt the United States and the Soviet Union to further reduce their nuclear weapons substantially until they eventually dismantle all nuclear weapons of various kinds, ban space weapons and chemical weapons, and conduct substantial conventional disarmament."

Safeguarding world peace and preventing war is a common desire shared by China and the West European countries. China always highly values the position and role of Europe, and regards it as an important force for preventing war and safeguarding peace. We are glad to see that West Europe has made great efforts to promote detente in the world, to check the intensification of the arms race, and to promote North-South dialogue, and has made positive contributions to the cause of world peace. During the visit, both sides expressed the same opinion: West Europe's efforts to further its unity, build up its own strength, and develop relations with East Europe will be favorable to world peace and stability. And the increasing cooperation between China, which is pursuing an independent foreign policy, and Western Europe, which is becoming united and stronger, will be a major factor for world peace and stability.

Seeking development in peace is also a common target jointly pursued by China and West Europe. President Li and the leaders of the four countries he visited all pointed out that friendly cooperation between China and West European countries is being further strengthened, and that they share identical or similar opinions on many major international issues. The established system for bilateral political consultations is working effectively; economic and technological cooperation is making substantial progress; and governmental and nongovernmental friendly visits have become more frequent. China and

West European countries have different levels of development, but each side has its own advantages and strong points, so each can supply what the other needs and make use of the other's strong points to offset its weaknesses. The prospects for their economic and technological cooperation are broad and bright. President Li Xiannian's visit has made valuable contributions to the further development of such cooperative relations.

During the visit, President Li Xiannian briefed the West European leaders on the 13th CPC National Congress, which was convened recently. The congress clearly pointed out that China is now situated in the initial stage of socialism, and it summed up the experience and achievements of China's reform in the past 9 years in an all-round, systematic way. The congress reiterated a series of effective basic principles and policies; it decided to quicken and deepen the economic structural reform, further expand the scope of opening up to the outside world, and include the political structural reform in the routine work schedule. The implementation of these important decisions will lay a solid foundation for China's socialist modernization. In particular, the further rejuvenation of the leading body will ensure the stability and continuity of the policy of reform and opening up. This important message will increase West European countries' confidence in developing long-term and stable cooperation with China.

It should be pointed out that, like the two previous visits by Chinese leaders to West Europe, President Li Xiannian's visit has also further increased mutual understanding and trust between China and the West European countries. It is certain that President Li's visit will have a far-reaching influence on the joint efforts of China and the West European countries to promote their cooperation in attaining common development and safeguarding world peace.

Japan Reportedly Link in Papal Visit
HK240327 Hong Kong HONGKONG STANDARD
in English 24 Nov 87 p 1

[By Kathy Chan and Chan Wai-fong]

[Text] Japan is strongly tipped as the middle-man in delicate negotiations between the Vatican and Beijing over a possible papal visit to China.

Well-placed Catholic Church sources in Hong Kong said this yesterday, despite denials from Beijing and the Vatican that any negotiations were under way.

And the director of the Hong Kong Catholic Social Communications Office, Father Louis Ha, reiterated that the church would give more details by Friday.

Fr Ha, who on Sunday gave the first public hint of a possible visit by the Pope to China—with "an influential third country" as mediator—refused to comment further yesterday.

But a church source, who would not be identified, said the initial date for the proposed visit was 1989, and the idea was first floated about three weeks ago.

"All negotiations are still on a diplomatic level, and both the Vatican and Beijing church authorities have not come into contact yet.

"The third country is very near us, very influential, and definitely not the Philippines."

Other sources said it was Japan.

Sino-Japanese relations are described as close and friendly, despite recent strains, and Japan has played a significant role in China's economic reforms and modernisation.

There has been wide speculation about the involvement of the Philippines because of the recent visit to China by Manila Archbishop, Cardinal Jaime Sin.

Church officials described this as coincidental.

But *The Standard* has learned that Cardinal Sin did test China's attitude towards the visit when he was in Beijing two weeks ago. Sources in Manila said Cardinal Sin raised the issue "casually" on a very formal occasion.

"Many issues have to be clarified before the trip can be realised," said one.

He said Cardinal Sin brought up the subject of a possible papal visit when discussing other issues, including the possibility of some Filipino bishops visiting China to promote friendship between Manila and Beijing.

"Cardinal Sin went to China on a friendly and personal capacity, not acting as a papal envoy," the source said.

Cardinal Sin could not be reached for comment.

His secretary said: "It's all speculation."

Diplomats would not confirm whether Japan was involved in arrangements for the papal visit, adding that the Catholic Church in Japan was "quite organised and enjoys a good reputation".

The head of China's Chinese Patriotic Catholic Association, Bishop Zong Huaide, said in a telephone interview that he personally had no knowledge of Cardinal Sin raising this issue, nor had he heard anything from anybody so far.

He reiterated China's conditions for re-establishing ties with the Vatican.

First the Vatican would have to sever formal diplomatic links with Taiwan; and second, refrain from intervention in China's internal affairs.

"The Vatican should show us (its sincerity) by doing something concrete," he said, adding that China was not against such a visit.

A spokesman for the Vatican press office said yesterday evening, "I cannot confirm the information on plans for a visit to China by the Holy Father.

"It is well known by everyone that the Pope would like to visit all countries. However, no provisions have been made for a trip to China," he said.

Father John Tong of the Extramural Studies Office of the Holy Spirit Seminary in Hong Kong said he had no knowledge of the trip, but confirmed that the Pope had long appealed for a dialogue between the Vatican and China.

He recalled that when Cardinal Casaroli, the second man in Vatican, visited Hong Kong in the early 1980s, he called for contacts, including informal dialogue and meetings between China and the Holy See, to restore the Beijing link which was severed 30 years ago.

Father Tong did not rule out the possibility of the Vatican terminating its "political" ties with Taiwan to make way for the Pope's China visit.

Taiwan church authorities have said they would be willing to sacrifice their diplomatic ties with the Vatican, if it would clear the way for the Holy Father to visit the mainland, said Fr Tong.

"There can be a distinction between politics and religion. The Pope is leader of the Vatican (an administration arm of the Church and a political entity). He is also the religious head of all Catholics.

"Therefore, it will make no difference to Taiwan Catholics as the Holy Father will remain their religious leader, even though the political link with the Vatican is terminated," Fr Tong said.

Shanghai Mayor Fets Milan Mayor, Delegation
OW222214 Shanghai City Service in Mandarin
2300 GMT 15 Nov 87

[Text] Mayor Jiang Zemin hosted a banquet at (Huaqiao) Restaurant in honor of an industrial and commercial delegation from the Italian city of Milan, led by Milan Mayor (Paolo Billitelli). The guests are currently visiting Shanghai.

At the banquet, amidst the friendly atmosphere, Mayors Jiang Zemin and (Billitelli) gave speeches. Jiang Zemin said: Milan and Shanghai have many things in common and can cooperate with each other in many areas. Our two cities have done a great deal to promote economic exchange and fair trade by holding various industrial and commercial commodities fairs, as well as making

exchanges in urban planning and [words indistinct]. We can foresee a wide range of bright prospects for friendly cooperation between Milan and Shanghai in the future.

In his speech, (Billitalli) said he believes that Milan and Shanghai will definitely be able to learn from each other, thus achieving better results in friendly cooperation.

Attending the banquet were Vice Mayor of Milan (Roberi) and Italian Vice Consul General (Panverilli).

Mayor (Billitalli) arrived in Shanghai by plane yesterday evening. Vice Mayor Ye Gongqi met the party at the airport.

Cultural Exchange Agreement Signed

OW 201333 Shanghai City Service in Mandarin
2300 GMT 16 Nov 87

[Excerpts] A ceremony for the signing of the 1988-89 Shanghai-Milan Friendly Exchange Memorandum took place in the Xijiao Guesthouse at noon yesterday. Shanghai Mayor Jiang Zemin and Milan Mayor (Paolo Billitalli) signed the memorandum on behalf of the governments of the two cities.

According to the memorandum, the Shanghai Museum will sponsor an exhibition of bronze utensils in Milan in June 1988, and Shanghai will sponsor a Chinese art exhibition and film week in Milan. Milan will sponsor a Milan Cultural Week in Shanghai in 1989. Activities during the week will include an art exhibition, movies, and fashion shows.

The two cities also agreed that Shanghai and Milan radio and television stations will exchange music and television programs. [passage omitted]

Shanghai Vice Mayor Ye Gongqi was present at the signing ceremony. [passage omitted]

Wu Xueqian Meets With Greek Journalists

OW 242233 Beijing XINHUA in English
1507 GMT 24 Nov 87

[Text] Beijing, November 24 (XINHUA)—China's State Councillor and Foreign Minister Wu Xueqian met with a journalist group from Greece led by Vasilios Nikoliopoulos, chief editor of "Ta Nea" and deputy general manager of the Athens News Agency (ANA), here today.

The Greek journalists left here for home tonight. They arrived November 12 on a visit at the invitation of China's leading newspaper "People's Daily".

Sino-French Offshore Oil Well Exceeds Quota

OW 240551 Beijing XINHUA in English
1657 GMT 19 Nov 87

[Text] Guangzhou, November 19 (XINHUA)—The first Sino-foreign oilfield in the South China Sea has fulfilled this year's production plan 44 days ahead of schedule.

A total of 300,251 tons of crude oil has been produced from the Beibuwanwei 10-3 oilfield since it went into production on August 7 last year.

The oilfield is jointly developed by China's Nanshai (South China Sea) Western Petroleum Corporation and the French Total Petroleum Corporation and other foreign companies.

East Europe

GDR Foreign Minister Fischer To Visit 1-7 Dec

OW 250344 Beijing XINHUA in English
0210 GMT 25 Nov 87

[Text] Beijing, November 25 (XINHUA)—Oskar Fischer, foreign minister of the German Democratic Republic (GDR), will pay an official goodwill visit to China from December 1 to 7.

A Chinese Foreign Ministry spokesman disclosed this here today.

The GDR foreign minister has been invited by the Chinese State Councillor and Foreign Minister Wu Xueqian, the spokesman said.

Romanian Sports Exchange Protocol Signed

OW 240119 Beijing XINHUA in English
0829 GMT 23 Nov 87

[Text] Guangzhou, November 23 (XINHUA)—China will send six teams to compete and three swimming coaches to study in Romania next year.

This was revealed in the 1988 sports exchange protocol signed between the two countries here this morning. The six teams will be in men's judo, gymnastics, men's handball, track and field, canoeing, and wrestling.

Under the same protocol, Romania will send its men's gymnastic, [words indistinct] football, athletic, and chess teams to compete in China. Romanian divers will come to China for training.

The protocol was signed by Li Menghua, minister of China's State Physical Culture and Sports Commission, and Gheorghe Gomoiu, minister of the Romanian National Sports Committee.

Latin America & Caribbean

Mexico Hosts National Day Reception

OW 2511201 Beijing XINHUA in English
113110 GMT 20 Nov 87

[[Text]] Beijing, November 20 (XINHUA)—Mexican Ambassador to China Fausto Zapata Lonedo gave a reception here this evening to celebrate the 77th anniversary of the Mexican Revolution.

Among those present was Xu Xin, deputy chief of general staff of the Chinese People's Liberation Army.

Argentine Delegation Visits PLA Flight Academy
OW 2509311 Beijing XINHUA in English
113110 GMT 20 Nov 87

[[Text]] Beijing, November 20 (XINHUA)—A delegation from the Aviation School of the Argentine Air Force, led by its commandant General Jorge Francisco Martinez, today visited a flying academy of the Air Force of the Chinese People's Liberation Army (PLA) in Shijiazhuang, Hebei Province, north China.

The Argentine visitors, consisting of instructors and cadets of the aviation school, also watched a flying performance given by the academy's instructors.

In the evening, Lin Hui, deputy commander of the PLA Air Force, hosted a reception in honor of the Argentine visitors.

The visit is part of the graduation training of the Argentine Air Force Aviation School.

NPC Standing Committee Final Session Summary
OW241530 Beijing XINHUA Domestic Service
in Chinese 1137 GMT 24 Nov 87

[Text] Beijing, 24 Nov (XINHUA)—The 23d Session of the 6th NPC Standing Committee ended this afternoon at the Great Hall of the People. At today's plenary meeting, the session decided to approve Zhao Ziyang's resignation from the premiership and appoint Vice Premier Li Peng as the acting premier to exercise the authority of the premier and direct the work of the State Council.

Acting Premier Li Peng and Chairman Peng Zhen respectively delivered speeches at the meeting.

Vice Chairman Chen Pixian presided at today's plenary meeting.

At the panel discussions in the previous few days, members of the Standing Committee examined Zhao Ziyang's request to resign from the premiership and his proposal to appoint Vice Premier Li Peng of the State Council as acting premier of the State Council, and President Li Xiannian's message to the NPC Standing Committee in regard to the above matter. The members hold that Zhao Ziyang's resignation from the premiership is in accord with the principle of separation of party and government and will make it easier for him to concentrate his energy on doing a good job as general secretary of the CPC Central Committee. They also hold that Vice Premier Li Peng is the right person to assume the position of acting premier. At today's plenary meeting, the session adopted a decision stating that it approves Zhao Ziyang's resignation from the position of premier of the State Council and will present this approval to the First Session of the Seventh NPC for confirmation, and that it agrees with Zhao Ziyang's proposal that Vice Premier Li Peng be made acting premier of the State Council to exercise the authority as the premier and direct the work of the State Council before the First Session of the Seventh NPC decides on the appointment of premier of the State Council.

The Draft Organic Law on the Villagers' Committees of the People's Republic of China, which had been under deliberation for a long time, was submitted to the Fifth Session of the Sixth NPC held this spring for examination and approval. That session decided to adopt this draft law in principle and authorize the NPC Standing Committee to conduct further investigations and studies on the basis of the opinions of the NPC deputies, make necessary revisions, approve it, and promulgate it for trial implementation. During this session, the Law Committee first examined it and made some revisions and then submitted it to the Standing Committee for examination. The Standing Committee members offered some more specific revision opinions and suggestions. On the basis of these opinions and suggestions, the NPC Law Committee made a further revision of the draft law. The final revisions were discussed in a joint panel

meeting which found these revisions to be satisfactory. At today's plenary meeting, the session finally adopted the Organic Law of the Villagers' Committees of the People's Republic of China (for trial implementation).

The "Rules of Procedure for the NPC Standing Committee," which contains 5 chapters and 34 articles, was adopted at today's session. At the group meetings in the past few days, members all favored the stipulation of the "rules" with an eye to raising meeting efficiency by systematizing and regularizing the procedures for the NPC Standing Committee.

The session adopted the NPC Standing Committee decision to approve the report made by its Legislative Affairs Commission on the reexamination of and suggestions on the laws promulgated before the end of 1978.

The session also adopted the reports on the examination of the proposals made by the NPC deputies which the Presidium of the Fifth Session of the Sixth NPC referred to the Nationalities Committee and the Education, Science, Culture, and Public Health Committee for their deliberation.

As Wang Zhaoguo has been appointed Fujian's acting governor, the session decided to accept his request to be relieved of membership on the Standing Committee of the Sixth NPC and to report the decision to the NPC for the record.

The session appointed Wang Riqi as advisor to the NPC's Law Committee.

Vice chairmen attending today's session were Geng Biao, Peng Chong, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancan, Seypidin Aizezi, Zhou Gucheng, Yan Jici, Rong Yiren, Ye Fei, Huang Hua and Chu Tunan. Attending the meeting as nonvoting members were Zheng Tianxiang, president of the Supreme People's Court, and Yang Yichen, procurator-general of the Supreme People's Procuratorate.

Li Peng, Peng Zhen Speeches

OW241834 Beijing XINHUA Domestic Service
in Chinese 1149 GMT 24 Nov 87

[Text] Beijing, 24 Nov (XINHUA)—Acting Premier of the State Council Li Peng said today that during his tenure as the acting premier, he will, together with the other staff members of the State Council, resolutely and faithfully implement the basic line laid down at the 13th CPC National Congress; adhere to the four cardinal principles and to the policy of carrying out reforms and opening to the outside world; continue to maintain the political situation of stability and unity internally and, as in the past, pursue China's independent foreign policy of peace externally; and do his best to accelerate the country's modernization drive under the leadership of the party Central Committee. Peng Zhen, chairman of

the NPC Standing Committee, said: Comrade Li Peng is capable of shouldering the heavy task as the acting premier of the State Council.

This afternoon, Li Peng attended the 23d meeting of the 6th NPC Standing Committee. After he was appointed acting premier of the State Council at the meeting, Chen Pixian, vice chairman of the NPC Standing Committee, who presided over the meeting, asked him to make a speech. Li Peng said: After deliberation, the NPC Standing Committee has made a decision today to approve Comrade Zhao Ziyang's suggestion that I assume the post of acting premier of the State Council. I sincerely thank the NPC Standing Committee members for their confidence in me.

Li Peng said: I am fully aware of the importance and difficulty of this duty. Judging my knowledge and capability in work, I know this job will not be an easy one. Since everyone has placed great trust in me, I will do my very best, work and study hard, accumulate experience, and strive to improve my work with few failings.

He said: The 13th CPC National Congress which just concluded is a congress of great historic significance. The congress has defined the party's basic line for the initial period of socialism. With regard to present work in the State Council, further efforts should be made to stabilize the economy and deepen our reform. In reforming the political structure, we should make good preparations for the structural reform of state organizations. We should also continue our earnest efforts to develop the cause of education, science, technology, and culture and to build socialist spiritual civilization. There is a great deal of work that we must do, and our tasks are extremely arduous. We must carry out our work diligently, conscientiously, and boldly, but prudently.

Li Peng said: During his premiership of the State Council, Comrade Zhao Ziyang provided effective leadership which has contributed a lot to China's reform and opening to the outside world, as well as its economic development. We should learn from his good work style and emulate his good example.

He said: The duty of our people's governments at all levels is to loyally and wholeheartedly serve the people. In our work, we should continue to carry forward democracy and open more channels of dialogue, so as to promptly hear the people's voices and opinions and win their support. This is a reliable guarantee for the successful work of our governments at all levels.

Li Peng said: The NPC Standing Committee is a pool of a large number of veteran comrades and experts, both inside and outside the Communist Party of China, who have rich experience and brilliant views. It is hoped that these comrades will continue to guide, support, criticize, and supervise the work of the State Council.

Chairman Peng Zhen also spoke. He extended congratulations to Acting Premier Li Peng on behalf of the NPC Standing Committee. He said: The NPC Standing Committee holds that it is appropriate for Comrade Zhao Ziyang to recommend Vice Premier Li Peng to be appointed acting premier of the State Council. Comrade Li Peng is capable of shouldering this heavy task.

Peng Zhen said: The speech made by Comrade Li Peng today is a manifestation of his attitude of seeking truth from facts, being conscientious and responsible, faithfully serving the people heart and soul, and being modest and prudent. All this will increase our confidence in him to be capable of performing his duties as the acting premier. The applause of all the people here proves this point. I agree with what he said about it being imperative to uphold the four cardinal principles and implement the policies governing China's reform and opening to the outside world in accordance with the party's basic line for the initial period of socialism mapped out at the 13th CPC National Congress. I believe that during his term as acting premier, he will be able to lead the State Council to earnestly and responsibly implement the line, principles, and policies of the party and state.

Peng Zhen said: The NPC Standing Committee, acting within the authority given it by the Constitution, will continue to support and assist the State Council in doing its work.

The speeches made by Acting Premier Li Peng and Chairman Peng Zhen won warm applause from the NPC Standing Committee

Approves Trial Village Law

OW241608 Beijing XINHUA in English 1244 GMT
24 Nov 87

[Text] Beijing, November 24 (XINHUA)—The "Village Committee Law of the People's Republic of China (Trial)" was approved at the 23rd meeting of the Sixth National People's Congress, which closed here today.

The law is aimed at promoting socialist democracy and the development of socialist material civilization and cultural ethics in China's rural areas, sources said.

The law, which will go into effect on a trial basis June 1 next year is designed to give the country's 800 million rural dwellers more say in their affairs by way of self-management, self-education and self-service.

China now has 948,000 village committees, the mass organizations of villagers' autonomy at the grass-roots level.

The law, containing 21 articles, defines the character, functions, establishment and tasks of the village committees as well as their relationship with the township people's governments.

The law stipulates that the village committees will be responsible for handling the public affairs and utilities of the village, mediating disputes among villagers, assisting in maintaining public order and reporting villagers' opinions and demands to the people's government.

The village committees should support and organize villagers in promoting production, supply and marketing, credit and consumption, the law says. The committees should also provide services to production in the village for developing the socialist commodity economy.

The law also stipulates that the village committees should respect the decision making power of the collective units in their legal economic activities, and protect the legal assets and other rights and interests of the collective units, villagers and contract-business households.

The law also requires that the village committees should also follow the mass line, develop a democratic style of work and listen to different opinions.

Urges Water Law Ratification

OW242346 Beijing XINHUA in English 1557 GMT
20 Nov 87

[Text] Beijing, November 20 (XINHUA)—Participants in the ongoing 23d Meeting of the Standing Committee of the 6th National People's Congress (NPC) called for early ratification of a water law, the first of its kind in China.

Supporters of the law say it would promote a more efficient use of the country's water resources to meet increasing needs of society and economic development.

China's total water resources are 2,800 billion cubic meters, but they are unequally distributed throughout the country.

Problems have occurred in the country's exploration and use of water, Qian Zhengying, minister of water resources and electric power, told the committee.

With water shortages in north China and serious pollution in many parts of the country, people's health and economic production have suffered much, she said.

Some cities have so overexploited underground water that cave-ins have resulted, the minister said.

The consensus in the discussion is that the new law has reflected a policy to combine the exploitation and protection of China's water resources.

However, said Standing Committee member Hou Xueyi, the law should pay more attention to prevention and control of water pollution and protection of forest reserves.

Other major suggestions include those on economizing water usage and more consideration for the interests of future generations.

Presidential Decree on NPC Committee Rule

OW250331 Beijing XINHUA Domestic Service
in Chinese 1209 GMT 24 Nov 87

[Text] Beijing, 24 Nov (XINHUA)—Decree of the President of the People's Republic of China

No 60

The "Rules of Procedure of the National People's Congress Standing Committee of the People's Republic of China" adopted by the 6th Standing Committee of the National People's Congress at its 23th meeting on 24 November 1987 is hereby promulgated for enforcement beginning on the date of promulgation.

Li Xiannian, president of the People's Republic of China

24 November 1987

Presidential Decree on Village Committee Law

OW250337 Beijing XINHUA Domestic Service
in Chinese 1207 GMT 24 Nov 87

[Text] Beijing, 24 Nov (XINHUA)—Decree of the President of the People's Republic of China

No 55

"The Organic Law Governing Village Committees of the People's Republic of China (trial)" approved by the 23d Meeting of the 6th NPC Standing Committee on 24 November 1987 is hereby promulgated, and will be implemented on a trial basis beginning from 1 June 1988.

Li Xiannian, president of the People's Republic of China

24 November 1987

TV Reports Li Peng Appointment as Premier

OW242116 [Editorial Report] Beijing Television Service in Mandarin at 1100 GMT on 24 November, in its "National News Hookup" program, carries a 7.5-minute video report on the closing of the 23d meeting of the 6th NPC Standing Committee on 24 November at which Li Peng is appointed acting premier of China's State Council.

The video begins with a pan shot of the hall where the meeting of the NPC Standing Committee is being held. The participants of the meeting are seated in rows. The video then switches to a closeup of Chen Pixian, vice chairman of the NPC Standing Committee, who presides over the meeting, and to a closeup of Chairman Peng Zhen of the Standing Committee who is sitting next to Chen Pixian.

As the announcer reports on the decision adopted by the meeting, the video shows medium shots of various NPC Standing Committee members attending the meeting. The video also shows the voting device at the meeting—a TV monitor which shows the results of the voting, such as the number of people who agree, the number of people who disagree, the number of people who abstained, and the number of people who cast no vote, as well as a small push-button panel with three push buttons installed at each position for each member's convenience in voting.

According to the announcer, the meeting has passed a resolution approving Zhao Ziyang's resignation and his suggestion that Li Peng be made the acting premier. The meeting also approves the draft of a Village Committee Draft Law and procedural rules.

The video then shows a closeup of Li Peng in a Western-style suit delivering an approximately 2-minute long speech, pledging to follow the party line, implement the reform and open policy, and accelerate China's drive. His speech is punctuated by applause from the members.

After Li Peng's speech, the camera cuts to a closeup of Peng Zhen, who delivers a 1-minute speech supporting Li Peng's appointment as China's acting premier.

At the end of the report, the camera cuts to a medium shot showing Peng Zhen and Li Peng smiling and shaking hands with the rest of the members in the hall who are clapping. Throughout the video report, Li Peng is seen smiling from time to time.

Editorial Greet Opening of National Games
HK241522 Beijing RENMIN RIBAO in Chinese
20 Nov 87 p 1

[Editorial: "The Inextinguishable Torch Lighting National Spirit—Greeting the Opening of the Sixth National Games"]

[Text] Today, following the lighting of the torch in the Tianhe sports center of Guangzhou, the sixth national games opened in a grand atmosphere. Seven thousand athletes representing all of the provinces, autonomous regions, and municipalities throughout the country except Taiwan gathered here to report to the people on the latest achievements in sports in the course of reforms and opening up to the world and to display to the world the spiritual outlook of the sons and daughters of the Chinese people. This magnificent sports meet is worth greeting.

Sports thrive with the prosperity of the country. Young athletes today have merely heard from their predecessors about old China being ridiculed as the "sick man of the East." Chinese athletes rose following the rising of the Chinese people in the political arena. Particularly gratifying is that since the 3d Plenary Session of the 11th CPC Central Committee, reforms and opening up to the world have enabled China's sports to develop vigorously. Over

the last 9 years, Chinese athletes have won some 250 world championships, almost 90 % of the total championships won since the founding of the People's Republic, and have broken over 100 world records, almost 40 % of the total records broken since the founding of People's Republic. We made a "zero breakthrough" at the Olympic Games and won the most gold medals consecutively at the 9th and 10th Asian Games. These achievements were due to the progress in sports reform and the socialization of physical culture. About 300 million people in the country regularly go in for sports, half of the counties throughout the country regularly hold farmers' sports meets, and about 180 million people are up to the "state physical training standard." "Develop physical culture and improve the people's health" has become a force pushing forward the four modernizations.

In sports competition, actual strength, scientific knowledge, skills, and spirit are all necessary. On training grounds, tough training and dauntless spirit are necessary; while engaging in fierce matches, the spirit of daring to win is all the more important. The "five consecutive championships" won by the Chinese women's volleyball team, the ever-victorious records in table tennis, the Chinese football team's first breakthrough in Asia, and the recapturing of the Thomas and Uber Cups by the Chinese badminton teams all radiate with the splendor of the Chinese nation. The world's athletically successful countries are economically developed. Material conditions are, undoubtedly, important to the popularization and development of sports. The development of economic strength in China is bound to provide more material assistance for sports. However, as our economy is not well developed, presently more important is to bring the strong points of socialism into play and to propagate the spirit of hard struggle to catch up with strong sports countries in the world as soon as possible. Spirit cannot be divorced from material conditions, but spiritual strength can bring the role of limited materials into maximum play. We believe the athletes participating in the sixth national games will prove this point with their new achievements.

The just-concluded 13th party congress put forth the basic line for building socialism with Chinese characteristics, set the demand for carrying our cause forward in the spirit of self-reliance and hard struggle, and laid down the second step of target for endeavor in economic development strategy. In the crucial period of rejuvenating the Chinese nation, it is all the more necessary to exert ourselves. Every effort made by a Chinese athlete to win a match or a championship serves as window through which the spirit of the Chinese nation is seen. The slogan "rejuvenating the Chinese nation" started with sports and spread to other fields. Of course, losses and wins are common in sports competitions, but the most important thing is spirit. The current national games will certainly encourage the people throughout the country to carry out the four modernizations more bravely.

Face the world, face the future. We should not rest our eyes merely on gold medals. More important is to make better achievements, to train better athletes, and to gain better spirit. We wish the sixth national games a satisfactory success!

Leaders Attend Opening

OW250215 Beijing XINHUA Domestic Service
in Chinese 1414 GMT 20 Nov 87

[By Reporter Li Guoli]

[Excerpts] Guangzhou, 20 Nov (XINHUA)—The Sixth PRC National Games opened this afternoon in Guangzhou, the flower city in southern China. [passage omitted]

Zhao Ziyang, general secretary of the CPC Central Committee and premier of the State Council; other party and government leaders Wan Li, Tian Jiyun, Qin Jiwei, Song Renqiong, Wang Shoudao, Jiang Hua, Chen Xilian, Huang Zhen, Ngapoi Ngawang Jigme, and Rong Yiren; vice chairmen of the CPPCC National Committee Chen Zaidao, Lu Zhengcao, and Wang Guangying; and central leaders of all democratic parties attended the opening ceremony amidst rain, together with party, government, and military leaders of Guangdong Province and Guangzhou City and some 60,000 spectators.

President of the International Olympic Committee Samaranch; well-known personages in international sports circles; distinguished foreign guests; celebrities from Hong Kong and Macao Huo Yingdong and Ma Wanqi; compatriots from Taiwan, Hong Kong, and Macao; and Chinese nationals residing overseas, totaling over 1,000, were invited to attend the opening ceremony.

At 1700, Li Menghua declared the games open. [passage omitted]

Amidst thunderous applause, Zhao Ziyang presented Ye Xuanping, governor of Guangdong Province, the flag of the national games.

Then, world renowned diver Tan Liangde, holding high the torch of the games and flanked by woman athletes Yao Zhihua and Liu Guizhang, entered the stadium, running with giant strides, and lit the flames.

Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, delivered the opening address. [passage omitted]

In his welcoming address, Ye Xuanping expressed the belief that the national games "will surely be a great success and contribute to the cause of sports in Asia and the world." [passage omitted]

Before the opening ceremony, Zhao Ziyang, Wan Li, Tian Jiyun, Qin Jiwei, Song Renqiong, and Rong Yiren met with Samaranch and other foreign guests and celebrities from Hong Kong and Macao.

Wan Li Addresses Opening

OW250213 Beijing XINHUA Domestic Service
in Chinese 1126 GMT 20 Nov 87

[Text] Guangzhou, 20 Nov (XINHUA)—Speech at the Opening Ceremony of the Sixth PRC National Games [by] Wan Li

Comrades, Friends:

The Sixth PRC National Games is now open. On behalf of the party Central Committee and the State Council, I extend warm greetings to all athletes, coaches, and staff personnel; a warm welcome to Overseas Chinese, compatriots from Taiwan, Hong Kong, and Macao, and foreign guests invited to attend this grand occasion; and gratitude to comrades of Guangdong Province, Guangzhou City, and the PLA units stationed in Guangzhou for their tremendous work in preparing for the national games.

The national games is a big event in China's sports life. It will reflect our achievements in the reform and open policies and the modernization drive, review the standards of China's sports and physical culture, and thus further promote the development of sports and physical culture in the entire country. The party Central Committee and the State Council highly value the remarkable achievements in China's physical culture and sports undertakings, and firmly support the great efforts made by comrades on the physical culture front to set Asian and world records and turn China into a world sports power before the end of this century. It is hoped that athletes from all localities and departments will redouble their efforts, display good sportsmanship, and go all out to fight in unity and compete for outstanding records in good style so that we can achieve fruitful results in both setting new records and promoting spiritual civilization in the national games.

Physical culture is a component of China's socialist construction and an active means for improving the physical and mental quality of the entire nation. It can help promote the expansion of social productive forces and enhance the friendship between the Chinese people of all nationalities and the people of other countries. Comrades on the physical culture front should be clearly aware of their glorious duties. Guided and inspired by the party's basic line on the initial stage of socialism, they should uphold the four cardinal principles, persist in the reform and open policies, and strive self-reliantly, intensively, and with a pioneering spirit to achieve breakthroughs in physical culture and sports undertakings, thereby contributing to the building of a strong, prosperous, democratic, civilized, and modern socialist country.

May the national games be a great success!

NAN PEI CHI on Abrupt Rise of Qiao Shi
HK241444 Hong Kong NAN PEI CHI in Chinese
16 Nov 87 pp 39, 40

[By I Hua: "The Abrupt Rise of Qiao Shi Attracts Attention"]

[Text] The 1st Plenary Session of the 13th CPC Central Committee elected a new leading body. The role played by Qiao Shi in the central power nucleus has arrested the greatest attention.

We still remember that when Hua Guofeng was director of the Hunan Provincial United Front Work Department (with a concurrent post in the Central Social Ministry) [as published], he was also abruptly promoted. After the death of Mao, he became the highest leader of the central party organization, government, and Army.

Shortly after liberation, Qiao Shi was appointed deputy director of the United Front Work Department under the Youth Committee of the East China Bureau of the CPC Central Committee. His immediate superior was Pan Hannian, director of the United Front Work Department under the East China Bureau of the CPC Central Committee. Pan was concurrently director of the Social Department under the East China Bureau of the CPC Central Committee and worked under the direct leadership of Li Kenong, minister of the Central Social Ministry [as published].

After the arrest of Pan Hannian, a large number of cadres in the Social Ministry were implicated. But a small number of persons were not involved, although they had close connections with Pan Hannian. These people included Zhang Weiyin, vice minister of the Central Social Ministry, Liu Shaowen, vice minister of the Central Social Ministry, and Liu Ang, director of the Office of the Prime Minister.

It was known to all that the late Premier Zhou Enlai was concurrently leader of the departments in charge of foreign relations. The division of work of these departments was as follows: The Foreign Ministry under the State Council handled diplomatic relations between China and other foreign countries, while the International Liaison Department under the party Central Committee handled relations between the CPC and other fraternal parties and other foreign relations that were not connected with state relations.

Members of the Office of the Prime Minister were persons of great ability. Besides Liu Ang, another responsible person of the office was Luo Qingchang, who was concurrently deputy director of the United Front Work Department. Later, he was transferred to the Central Investigation Department. A female leader of the office was Xu Ming, who was the wife of Kong Yuan, deputy director of the Foreign Relations Office. Kong Yuan was later appointed director of the Information Department under the Central Military Commission. Liu Ang always

maintained his confidential relations with Gong Peng of the Information Department under the Foreign Ministry and Qian Ying of the Supervision Department under the State Council.

Zhou Enlai, responsible person of the foreign relations departments, exercised vertical leadership over the Central International Liaison Department.

In 1964, Qiao Shi was transferred to the Central International Liaison Department and worked as a section head. At that time, the director of the department was Wang Jiaxiang, who had once been vice foreign minister. Qiao's second superior was Geng Biao, who had also been vice foreign minister. After Geng Biao took up the post of director of the International Liaison Department, he was still responsible to the leader of foreign relations departments. The only difference was that he worked in a foreign relations department of the party rather than that of the state. During the 13th CPC National Congress, Geng Biao was elected a member of the Central Advisory Commission.

Those who were involved in the arrest of the gang of four included persons from different departments. Some were from the Central International Liaison Department under Geng Biao; some were from the department in charge of confidential work under Yang Dezong.

The leader who succeeded Geng Biao as director of the Central International Liaison Department was Ji Pengfei. Before taking up the post, Geng was head of the Ministry of Foreign Affairs of the State Council. He is now director of the Hong Kong and Macao Affairs Office. He was elected a member of the Central Advisory Commission at the 13th CPC National Congress.

After the appointment of Qiao Shi as director of the International Liaison Department, Wu Xueqian, the deputy director of the department and the present head of the Ministry of Foreign Affairs under the State Council, was transferred from the Foreign Relations Department of the party to that of the state. At the 13th CPC National Congress, Wu Xueqian was appointed a member of the CPC Central Committee Political Bureau. Li Yimang, another deputy director of the International Liaison Department, was elected a member of the Central Advisory Commission at the 13th CPC National Congress. As for Zhu Liang, who was once assistant to Qiao Shi, and the present director of the Central International Liaison Department, he was elected a member of the 13th CPC Central Committee.

To uphold the five principles of peaceful coexistence initiated by Zhou Enlai and implement an independent and peaceful foreign policy, the CPC has declared that it will not export revolution in order to avoid adversely affecting relations between China and other countries. According to the division of work, the Central International Liaison Department is responsible for maintaining good relations with fraternal parties. It supports just

national liberation morally and spiritually. In the meantime, due to the nature of its work, it should pay attention to the activities of different international organizations. Qiao Shi has accumulated a wealth of knowledge and experience from international contacts.

From the Central Organizational Department to the General Office Under the CPC Central Committee [sub-head]

The fact that Qiao Shi was transferred from the Central International Liaison Department to the Central Organizational Department was an eye-catching matter. After the fall of the gang of four, the personnel department of the party—the Central Organization Department—was regarded as a key unit. It handled all matters concerning rehabilitation concerning false charges and the promotion and assignment of cadres. The Central Organizational Department should also coordinate with the Central Discipline Inspection Commission. They should exchange information, archives, and materials. Jian Xianfo was an assistant to Qiao Shi and deputy director of the Central Organization Department. Besides, she was a member of the Central Discipline Inspection Commission under Chen Yun. As director of the Central Organization Department, Qiao Shi frequently needed to seek advice from Chen Yun, first secretary of the Central Discipline Inspection Commission, on matters of common concern. This laid a political foundation and established organizational relations for Qiao Shi's future development.

In 1983, Qiao Shi again took up the post of director of the General Office under the CPC Central Committee. The first deputy director of the office, Yang Dezhong, was a leading figure who played an important role in working together with the Central International Liaison Department to overthrow the gang of four. Yang Dezhong was also leader of Unit 8341. On 22 November this year [as published], Yang Dezhong accompanied Yang Shangkun and Wang Zhen to Guangzhou in the south to attend a ceremony of the laying ashes of Ye Jianying. After that, they returned to Beijing to attend the 13th CPC National Congress. During the period when Qiao Shi was director of the General Office under the CPC Central Committee, the first deputy director was Yang Dezhong. Wang Ruiling, who is now a member of the 13th CPC Central Committee, was deputy director of the office. Other deputy directors of the office included Kang Yimin, Zhou Jie, and Feng Ligan.

Of the 17 members of the Political Bureau elected at the 1st Plenary Session of the 13th CPC Central Committee, 4 were once director of the General Office under the CPC Central Committee. They are Yang Shangkun, Yao Yilin, Hu Qili, and Qiao Shi. Of the five members of the Political Bureau Standing Committee, three were once director of the General Office. They are Qiao Shi, Hu Qili, and Yao Yilin. All this shows that the nucleus of the central state power is still under the control of several

cadres who were once in charge of top secret and confidential work. Wen Jiabao, who is present director of the General Office, is alternate secretary of the Secretariat.

After the appointment of Qiao Shi as director of the International Liaison Department, Wu Xueqian, the deputy director of the department and the present head of the Ministry of Foreign Affairs under the State Council, was transferred from the Foreign Relations Department of the party to that of the state. At the 13th CPC National Congress, Wu Xueqian was appointed a member of the CPC Central Committee Political Bureau. Li Yimang, another deputy director of the International Liaison Department, was elected a member of the Central Advisory Commission at the 13th CPC National Congress. As for Zhu Liang, who was once assistant to Qiao Shi, and the present director of the Central International Liaison Department, he was elected a member of the 13th CPC Central Committee.

To uphold the five principles of peaceful coexistence initiated by Zhou Enlai and implement an independent and peaceful foreign policy, the CPC has declared that it will not export revolution in order to avoid adversely affecting relations between China and other countries. According to the division of work, the Central International Liaison Department is responsible for maintaining good relations with fraternal parties. It supports just national liberation morally and spiritually. In the meantime, due to the nature of its work, it should pay attention to the activities of different international organizations. Qiao Shi has accumulated a wealth of knowledge and experience from international contacts.

After an enlarged meeting of the CPC Central Committee Political Bureau Standing Committee held in early 1986, Qiao Shi took up the post of head of the leading group responsible for party rectification in central organs. This further strengthened his relations with the Central Discipline Inspection Commission. He cooperated with the Central Discipline Inspection Commission to jointly handle some important cases. He was empowered to read personal files of cadres at all levels working in central organs. Due to the fact that Qiao Shi was once director of the Organization Department, the department offered tremendous convenience to this former chief.

The fact that Qiao Shi was empowered to read confidential personal files showed that he was particularly trusted by the central authorities. He enjoyed power much greater than cadres in general. He was soon promoted to secretary of the Central Commission of Political Science and Law. He became a de facto leader of the judicial, law enforcement, and procurators' departments in China.

As secretary of the Central Commission of Political Science and Law, Qiao Shi has been entrusted with tremendous power. He has directly led the Ministry of State Security, Ministry of Public Security, the State

Central Bureau of International Police, Ministry of Justice, Minister of Civil Administration, People's Court, People's Procuratorate, and so on.

There are indications that Qiao Shi's appointment as secretary of the Central Discipline Inspection Commission is supported not only by Chen Yun, but also by people in the circles of politics and law headed by Peng Zhen, and the military (Zhu Guang, deputy secretary of the Discipline Inspection Committee under Central Military Commission, has been elected a member of the CPC Central Committee. Zhang Boxiang, deputy secretary of the Discipline Inspection Committee under the Central Military Commission, has also been elected a member of the Central Discipline Inspection Commission).

Yang Shangkun was head of the PLA delegation attending the 13th CPC National Congress. Guo Linxiang was secretary general responsible for confidential documents and work. It is undoubtedly logical that Guo will become successor to Yang Shangkun in the Military Commission responsible for confidential tasks. Therefore, people in the relevant field paid special attention to the post of Guo Linxiang during the election of the 1st Plenary Session of the 13th CPC Central Committee. The results of the election were already announced. Guo Linxiang was elected a member of the Central Discipline Inspection Commission Standing Committee. Qiao Shi was elected secretary of the Commission. He was elected from among eight Standing Committee members of the Commission.

The present posts of Qiao Shi inside the party are: Member of the Central Political Bureau Standing Committee, secretary of the Central Secretariat, and secretary of the Central Commission of Political Science and Law. Qiao Shi is closely following a down-to-earth manner while climbing the stairs of power. Knowing that a tall tree will catch wind, he has realized the importance of making steady progress step by step.

Radio To Begin Congress Report Study Program
OW250604 Beijing Domestic Service in Mandarin
1030 GMT 16 Nov 87

[Text] Dear listeners, starting on 18 November, in the Study Program, this station will sponsor a special program with questions and answers on studying the 13th CPC National Congress' report. This special program will answer more than 100 questions of concern to listeners. It will be broadcast every Monday, Wednesday, and Friday, at 0810 and 2130 on program No 1, and at 0615 on program No 2.

GUANGMING RIBAO Views Socialist Reform
HK250233 Beijing GUANGMING RIBAO in Chinese
9 Nov 87 p 3

[Speech made to discussion meeting of the Social Sciences Academy of Jiangxi Province by President of the Society Li Ke (2621)0344]: "Reform Is the Historical Trend in Socialist Countries"—Abridged by GUANGMING RIBAO editorial staff]

[Text] In the 1930's, the Soviet Union made tremendous achievements in its socialist construction and gradually constituted a system of highly centralized and unified planned economy and a pattern of building socialism by giving priority to the development of heavy industry. This pattern had a widespread influence on other countries. In terms of history, the Soviet pattern sounds reasonable. However, the pattern has now become a target of reform only because it was man-made as an absolute mold in the long-running development of the international communist movement. With the development of history, the Soviet pattern has naturally become a rigid pattern and yielded many drawbacks. These drawbacks are mainly reflected in the inseparability of the functions of the party from those of government and of the functions of government from those of enterprises, the negation of the commodity economy, the ignorance of the law of value, overconcentration in power, the lack of enterprise initiative, equalitarianism in distribution, the practice of "eating from the same big pot" prevailing in the relations of the enterprises to the state and in those of the workers and staff members to their enterprises, thus severely chilling the enthusiasm of the vast majority of cadres and the workers in socialist construction and devitalizing the socialist economy to a great extent.

In the early 1950's, under the leadership of Comrade Tito, Yugoslavia first broke the Soviet pattern and took the socialist road by "offering decision-making power to the workers." Since then, the pattern of building socialism has become diversified. After the 20th CPSU Congress, the people in Hungary, Poland and other socialist countries also had a strong desire to carry out reform, break the rigid pattern and build socialism in line with their own specific conditions. Even in the Soviet Union, reform also started in some fields in the late 1950's. Today, the Soviet Union and the East European countries are stepping up their reform of the economic and political structures.

After the basic completion of socialist transformation of private ownership of the means of production in 1956, our country started understanding the disadvantages of the Soviet pattern. Comrade Mao Zedong then proposed to "follow our own road" spare no effort to battle against the natural world, and develop the productive forces. However, this proposition was not solidly laid down. Before long, we once again stressed that the contradictions between the two classes and two lines were the major contradictions in our country and stuck to the practice of "taking the class struggle as the key link." Consequently, the tragedy of the 10 year-long "Cultural Revolution" took place, thus delaying the socialist reform in our country. After the 3d Plenary Session of the 11th CPC Central Committee, our party seriously put socialist reform as an item on its work agenda by reviewing historical experiences. In merely 9 years, our country has made marked progress which attracted worldwide attention, in the structural reform of the economy, science, technology and education in the

urban and rural areas. The 13th Party National Congress decided on carrying out the political structural reform while deepening the economic reform, and put forward a number of correct policies. All this shall vigorously promote the development of the productive forces and accelerate the building of socialism with Chinese characteristics.

Viewing the history of socialist development, it can be said that reform has become a historical trend in socialist countries, and that without reform, there will be no way out for socialist countries.

First, only by persevering in reform will the socialist system be continuously improved and perfected. Compared with capitalism in breadth and depth, socialism has irrefutable advantages and vigor in developing the productive forces, establishing human relations of a new type, and making the people become masters of the country. For various reasons, socialism, however, has met with numerous setbacks in its course of advance. On the one hand, people failed to realize that to boost socialist modernization in economically backward countries is more difficult and complex than to engineer revolution and seize state power there. They tried to lay down a strong material foundation for building socialism simply by launching political movements and evoking people's enthusiasm. That is why most socialist countries shortened the period of transition after the proletariat seized state power, and rendered some historical tasks of socialist transformation which ought to be accomplished in the period of transition to the period of socialist construction. On the other hand, most socialist countries neglected the backwardness of their economy, overestimated the level of their productive forces, and mistakenly thought that socialism could only be built through the unitary system of public ownership and the highly centralized planned economy, and that the product economy could take the place of the commodity economy, thus tremendously hindering the development of productive forces and belittling the superiority of socialism. For this reason, we must reform the previous political and economic structures. Only by implementing reform will we be able to build an economic and political structure keeping with the actual conditions in our country, and will we be able to fully display the superiority of socialism.

Second, reform is the only way to meet the rising material and cultural needs of the people. With the establishment of the socialist system and the elimination of the exploiting classes, the contradiction between the backward production and the rising material and cultural needs of the people became a major contradiction in the our society. However, we ignored the growth of productive forces for a long time. This contradiction consequently could not be ironed out, and became more acute. Then, what should we do to smooth out this major contradiction? No doubt, reform is the only way out because it can throw off the shackles on the development of productive forces, arouse the enthusiasm of the people

in production, seek new motive forces driving the development of productive forces, boost production with less investment but more output, achieve better economic results, and create more material wealth.

Third, only by carrying out reform will the socialist system eventually triumph over the capitalist system. Today's world is characterized by a rapidly growing revolution in technology, extensive application of new scientific and technological achievements in production, and ever increasing belief in the thesis that science and technology are the productive forces. Facing a scientific and technological competition, socialist countries can do nothing but reform the previous structures and cast off timeworn ideas which hamper the use of new science and technology. Thus we can make up our weaknesses by acquiring other's strong points and make use of scientific and technological achievements of all other countries in the world so that we will considerably raise our labor productivity and lay powerful material foundations for triumphing over capitalism. Some people have long believed that all is well under socialism. They developed economic construction in a subjective manner, often misrepresented self-reliance as national seclusion, distorted the learning of science, technology and management methods from capitalist countries as "worshiping and having blind faith in things foreign." As a result, the development of productive forces gave been severely hindered and widened the gap between our country and the developed capitalist countries.

Fourth, only by progressively carrying out reform will socialist countries be able to acquire a deeper understanding of socialism and correct mistakes in the guiding ideology so as to persevere in and develop scientific socialism. Experience teaches us that after assuming power, the proletariat used to take a subjective approach to problems, take a dogmatist attitude toward some basic tenets in Marxist-Leninist works, copy mechanically the socialist pattern of a certain country, and take an ideal or even utopian position on the scientific socialism that is in practice. To free ourselves from these subjective, dogmatist and idealistic fantasies, we must carry out reform because this is the only way that we will be able to change our time worn mode of thinking, open up new way of thinking, develop new concepts, and attain a new realm of thought.

Reform in socialist countries is aimed at improving and perfecting the socialist system. It is progressing step by step and in a consecutive way, which proceeds from the lower level to the higher level, spread from one aspect to many aspects, and may effect qualitative changes. Our country is now in the initial stage of socialism and the economic and political structural reform must be deepened in the direction defined by the 13th CPC National Congress. It can be anticipated that China shall score tremendous successes in its economic and political structural reform, and socialism with Chinese characteristics shall certainly give more confidence to the people of

socialist countries and of the whole world to advance triumphantly, increase the appeal of socialism in the whole world, and promote the progress of mankind.

Commentary on Symposium on Socialist Reforms
HK241512 Beijing GUANGMING RIBAO in Chinese
9 Nov 87 p 3

[Article by Chen Jingsong (7115 0513 2646): "Probing Into the Theories and Practice of Reforms in Socialist Countries To Push Forward Socialist Reforms in Our Country—Commentary on the Symposium on the Theories and Practice of Reforms in Socialist Countries"]

[Text] In celebration of the convening of the 13th Party Congress and to improve people's understanding of the main topic to be discussed at the congress—to speed up and deepen reforms—scientific socialism research offices of the institutes of social sciences in Jiangxi, Henan, Beijing, Shandong, and Sichuan as well as the magazine publishing house of the National Defense University jointly sponsored a "Symposium on the Theories and Practice of Reforms in Socialist Countries" in Jiujiang, Jiangxi Province, from 22 to 27 October. The symposium was a success and had the following characteristics:

First, the participants could conscientiously take the theory on reforms formulated since the 3d Plenary Session of the 11th CPC Central Committee as the guiding principle for exploring practical problems. As the symposium happened to take place on the occasion of the 13th Party Congress, the participants listened to Comrade Zhao Ziyang's political report to the 13th congress and discussed theoretical problems concerning reforms in China and other socialist countries in combination with the report. The theory on the initial stage of socialism was discussed first at the symposium. The participants unanimously pointed out that the initial stage of socialism refers to a particular stage China is bound to undergo in its socialist construction because its productive forces are backward and commodity economy is underdeveloped. Only with this explicit understanding can we adhere to the four cardinal principles; overcome the mentality tending to skip over the initial stage; eliminate historical idealism; formulate a correct line, principles, and policies; and build socialism with Chinese characteristics.

Second, the participants could combine well the study of foreign countries with the study of China and conduct research into the characteristics of reforms in other socialist countries. They pointed out that the study of the characteristics of reforms in socialist countries should be based on China's reforms because generality exists in individuality. Only by thoroughly understanding the special nature of socialist reforms in China can we fully understand the common nature of socialist reforms. In their opinion, basing the study of the common nature of socialist reforms on reform practice in China will be

beneficial to fully understanding the diversified nature of socialist reforms in the country and to promoting the development of the international communist movement.

Third, guided by the spirit of the 13th Congress, the participants emancipated their minds and broke away from dogmatism in the study of the theory on socialist reforms. As a result, they could put forth some valuable ideas and views. For example, they pointed out that distribution according to work during the initial stage of socialism is of a multi-tier nature and that income from non-labor should be allowed on certain conditions. They maintained that during the transformation of natural or semi-natural economy into a developed commodity economy, socialist and capitalist societies will adopt common methods to develop their economies. These methods are neutral and do not bear a class nature, such as the shareholding system, the hiring system, and opening up markets for capital goods and the labor force. In short, the participants pointed out that the basic characteristics of dogmatism are dealing with socialism in separation from the productive forces, regarding nonsocialist factors hampering the productive forces as socialist ones, and regarding factors beneficial to the commercialization, socialization, and modernization of commodities and to the development of the productive forces as something that represents "capitalist restoration." If this dogmatism is not eradicated, it will be impossible to develop the theory on socialist reforms and socialist reforms will be abandoned half way.

In conclusion, the symposium suggested that people in theoretical circles propagate the spirit of the 13th Congress. The participants stressed that the report to the 13th Congress is the summation of reforms over the last years, a programmatic document for guiding future reforms, and a major contribution of the party to the theories on the international communist movement and scientific socialism. To speed up and deepen reforms and promote the development of Marxism in China, it is necessary to study and implement the spirit of the 13th Party Congress.

These institutes of social sciences held their first coordination conference in Chengdu, Sichuan Province, last year. It has been initially decided that next year's symposium will be held in Shandong and the issue of "present capitalist economy and politics" will be discussed.

Changes To Make PLA More Professional
HK251133 Hong Kong SOUTH CHINA MORNING
POST in English 25 Nov 87 p 9

[By David Chen and Terry Cheng]

[Text] Leadership changes in the four-million strong People's Liberation Army (PLA) of China are under way with what appears to be a mixture of political and

professional appointments to retain the Communist Party's hold on the fighting forces, in addition to making the army a truly professional force.

According to reliable sources, General Yang Dezhi, who recently stepped down from the party's Central Committee to become a Standing Committee member of the Central Advisory Commission, is soon to relinquish his post to the political commissar of the Jinan Military Region, General Chi Haotian, 61.

The director of the General Political Department, Mr Yu Qiuli, who has followed in General Yang's footsteps, will be succeeded by 66-year-old Mr Yang Baibing, now a political commissar in the Beijing Military Region.

And the director of the General Logistics Department, General Hong Xuezhai, is to give way to one of his lieutenants, General Cho Nam Qi, who is a soldier of Korean ancestry and now only in his mid-50s.

The appointments lower the average age of the holders of the three posts by nearly 20 years and the move is also viewed as an attempt to rejuvenate the most important and sensitive positions in the military.

Except for that of General Yang Baibing, who is the younger brother of 80-year-old General Yang Shangkun, the current secretary-general and permanent vice chairman of the party's Military Commission, the other two appointments, if confirmed, have come as a surprise.

General Yang's rise to the second most senior post in the military has been spectacular.

Formerly serving in the Chengdu Military Region as a political commissar, he joined his chief, General Qin Jiwei, 72, when the latter transferred to Beijing in the early 1980s.

The younger General Yang has distinguished himself in his role as the regional army's commissar and his appointment has not surprised analysts.

However, General Chi's appointment to head the headquarters is unexpected and may be interpreted in various ways. The relatively young officer has had an illustrious career having served in some important and sensitive posts in the military, including as a deputy chief of the general staff before he was transferred to Jinan as a political commissar.

When he was at the general headquarters in the early 1980s, he served alongside such illustrious officers as General Yang Yong, General Wu Xiuquan (who was concurrently president of the military's Centre of International Strategic Studies), General Zhang Aiping (now defence minister), and Admiral Liu Huaqing (now head of the PLA Navy).

Still in his mid-50s then, General Chi was transferred to Nanjing region and later to Jinan region as a political commissar in what was regarded as a demotion for him.

However, it now appears that General Chi's regional appointments were meant to offer him experience in preparation for a more senior job.

General Chi's appointment supercedes that of four service deputy chiefs: General Xu Huizi, who is Marshal Xu Xiangqian's son, General Han Huaizhi, General Xu Xin and General Hio Qizong.

The appointment of a Korean national minority member to look after the military's logistics support does come as a surprise.

However, General Cho Nam Qi had distinguished himself as a professional soldier while his superior, General Hong Xuezhai, was acting more in the role of a politician than a soldier.

His appointment to this hotly contested, and often regarded as political, position (several influential generals once held such posts, including Marshal Lin Biao's General Qiu Huizho during the Cultural Revolution), indicates that the military leadership under Mr Deng Xiaoping, the first vice chairman and the permanent vice chairmen, Mr Zhao Ziyang and General Yang Shangkun, is intent on turning the Army into a professional one.

At a time of rejuvenation, General Cho's relatively young age has greatly helped his position.

The series of moves also indicates that the progressive-minded leaders, led by Mr Deng, have succeeded in bringing army headquarters firmly under the control of the reformists, with both Mr Deng and General Yang Shangkun in charge of the Military Commission and the political indoctrination job entrusted with General Yang's brother.

It is also believed that the present commander of the Beijing Military Region, General Qin Jiwei, will ultimately succeed General Yang Shangkun as the permanent vice chairman of the Military Commission, in charge of day-to-day administration of the military.

Environment for Press Reform Explored
HK250926 Hong Kong TA KUNG PAO in Chinese
25 Nov 87 p 1

["Special Dispatch"]

[Text] Beijing, 24 Nov—Du Daozheng, director of the State News and Publications Administration, said at a press reform symposium several days ago that press reform needs a more harmonious, more democratic, and more lively environment.

Du Zhengdao said that Zhao Ziyang's report to the 13th congress regards press reform as an important component of political structural reform. The report says that the main task in press reform is to allow the people to know about and discuss major matters, he added. He said: I think our approach to press reform is different from the Soviet principle of overtness. Taking account of the fact that China is in the initial stage of socialism, our approach is aimed at reforming the work concerning the press. At the same time, we should also consider the capacity in other fields to withstand press reform.

He said: Many journalists have the initiative in keeping the people informed of important situations. Many editors also have the initiative in enabling the people to discuss major issues. But why do they find it difficult to do so? This is due to imperfection in the democratic life of the party and the state, to a lack of a democratic atmosphere, and to a lack of legal protection for democracy. These problems will be gradually resolved following the development of political structural reform. It is necessary to provide a harmonious and democratic environment for press reform. On the side of people in press circles, they should take the initiative in creating such an environment. In my opinion, they should improve their quality and ability. They should have the spirit of running risks in press reform. Of course, "running risks" in press reform should be strictly kept within the framework of the constitution and law. In other words, they should bring their initiative and creativity into play within the framework of the Constitution and law.

Contracted Management System Discussed
HK250750 Beijing RENMIN RIBAO in Chinese
13 Nov 87 p 5

[Article by Zang Zhifeng (5258 1807 7364) and Zhang Linuo(1728 7787 1226): "The Contract System Is a Useful Experiment in Separating the Two Powers"—passages in boldface as published]

[Text] In his report to the 13th CPC National Congress, Comrade Zhao Ziyang pointed out that the contracted management responsibility system is a useful experiment in the separation of two types of powers. This conclusion is an accurate picture of the country's enterprise reforms. In recent years, particularly since the beginning of this year, the contracted management responsibility system has been rapidly developing in the cities. However, since urban reforms are highly complicated and people think about reforms differently, problems and different views have emerged in the course of the application of the contracted management responsibility system. Therefore, it is necessary to further examine problems concerning the contracted management responsibility system and the development trends on the basis of actual circumstances. It is also necessary to develop and perfect the system through practice.

1. The contracted management responsibility system is an effective means for converting the enterprises owned by the whole people from subsidiary bodies of administrative organs into genuine commodity producers and operators.

The "Decision of the CPC Central Committee on the Reform of the Economic Structure" reached the scientific conclusion that socialist economy is a planned commodity economy based on public ownership. It suggests that invigorating enterprises is the key to restructuring the national economy. Thus, it is necessary to correctly handle the relations between the state and the enterprises, to separate ownership from managerial authority, and to convert enterprises from subsidiary bodies of the state's administrative organs into commodity producers that are operationally independent and responsible for their own profit and loss. Practice has proved that it is correct to use these ideas as the guiding principles for carrying out reforms.

But the question is how to transform enterprises from "subsidiary bodies" into "commodity producers." It can be seen from our past thinking and practice that we once intended to turn enterprises into commodity producers by introducing, through standardization, independent operational mechanisms in enterprises. For example, we tried to gradually smooth out price relations by means of pricing reforms. We did this to create conditions for equal competition between enterprises. We also tried to determine the distribution relations between the state and the enterprises through taxation reforms; and tried to turn the state's direct control of enterprises into indirect control through the reform of the planning system and complementary reforms. This line of thinking did help us score some success in the country's urban reforms in the past few years. However, this success is far from what we expected. The large and medium enterprises owned by the whole people do not have much vitality and their economic results are not very satisfactory. These are our main problems. Our main difficulty is that we cannot make the pricing reforms immediately yield the desired results, nor can we smooth things out in a short time. In addition, the enterprises, whose basic conditions and resources are not uniform, cannot accommodate uniform tax rates.

These problems, which have emerged in the course of the reforms, cannot obviate the necessity for pricing and taxation reforms. However, they indicate that in China, where productive forces are not well developed, economic development is unbalanced, and enterprises are differently equipped and managed and produce different economic results, it is difficult to turn the state administrative organs' subsidiary bodies into independent commodity producers solely through standardization. How can we solve the problem? Having explored the reforms for a few years, we conclude that enterprises can be effectively transformed through the contracted management responsibility system we have created in practical work. First, by applying the contracted management responsibility system, we have scored initial

success in solving the problem of enterprises being simultaneously owned and managed by the state and being subject to centralized control and the problem of government functions not being separate from enterprise functions. We have been able to more clearly define the relationship between the responsibilities, authority, and interests of the state and those of enterprises. Second, with operational decisionmaking power, enterprises can establish mechanisms that are compatible with the socialist commodity economy to facilitate their own development, their self-regulation, and their control of things. And third, by applying different "base figures and ratios" to different enterprises on the basis of the actual circumstances, we have been able to check, with some success, the tendency to "whip an ox which is already going very fast." We have also been able to arouse the enterprises' enthusiasm for improving management. So long as they try their best to improve management, they will receive economic benefits. By doing this, we have solved those problems that cannot be solved through standardization.

2. The underlying principles of the contracted management responsibility system reflect the basic characteristics of the economic relations at the initial stage of socialism.

The fact that the contracted management responsibility system has considerable vitality and is enthusiastically accepted by the masses of cadres and people gives us much food for thought.

First, while keeping public ownership intact, the contracted management responsibility system provides a tentative solution to the problem of centralized and yet divided management between the socialist state and its enterprises. People hold divergent views on this problem. One such view is that if each management contract is negotiated only between the two parties involved, the state will tighten its control of the enterprises. This will impede the separation of government from enterprise functions. However, there are also people who think that after the enterprises have undertaken contracted responsibilities, the enterprises will resist unreasonable outside administrative interference to uphold their own interests. They feel this way because they believe that the relationship between the responsibilities, authority, and benefits of the state and those of the enterprises will be clearly defined. Thus, the application of the contracted responsibility system should facilitate the separation of the two types of authority. One should be able to see that these are possible situations in reality. However, the latter has more substance and greater significance than the former. Through the application of the contracted management responsibility system, the centralized management of enterprises will be replaced by independent management under the state's centralized administration. The enterprises will develop from subsidiary bodies of administrative organs into economic entities which combine their responsibilities with their authority and benefits. This means progress.

It should be pointed out here that under the condition of the public ownership of means of production, as the representatives of the possessors of means of production, socialist state organs cannot afford to give up managing economic affairs. The purpose of reform is not to abolish the state's economic management functions, but to change its management methods. The state should mainly direct macroeconomic activities, lay greater stress on economic methods than on administrative methods, and manage national property. The application of the contracted management responsibility system has put an end to centralized state management. It has also led to the emergence of a new management setup which is characterized by the combination of centralized state administration and independent enterprise management.

Second, the underlying principles of the contracted management responsibility system reflect the basic characteristics of socialist economic relations. The contracted management responsibility system is a rather satisfactory solution to the problem of the socialist state, the enterprises, and workers having both shared and divergent interests. Under this system, responsibilities are well defined. First, it is necessary to ensure that the state will receive profits and tax payments, in order to cater to collective interests. Under the contracted management responsibility system, the enterprises' benefits vary with their management performance. A worker's personal income is not decided solely by his performance and contributions. It is directly affected by the enterprise's business and other things. Given all this, the enterprises, which are entities with multiple interests, become more conspicuous than the socialist state and the individual in the interest relationship between them. By making an effort to improve enterprise management, develop production, and improve economic results, we can provide a basis for merging the interests of the three. Then laborers can base their enthusiasm for building socialism on their personal material concerns.

And third, the application of the contracted management responsibility system stimulates the establishment of independent operational mechanisms in enterprises. The rights which enterprises must have in order to make production a success are clearly stated in management responsibility contracts. At present there are different contracted management responsibility systems, which vary in form and complexity and which are far from perfect, on the basis of public ownership. However, they have in varying degrees solved the problem of combining the responsibility, authority, and benefits of enterprises operating independently. This exposes enterprises to both internal stimulation and external pressure. Enterprises thus have to make adjustments in accordance with the changes in both internal and external circumstances. In this way, the enterprises can establish management mechanisms and perfect them.

3. As a way of managing enterprises, the contracted management responsibility system will continue to be in effect for a long time and will be perfected and developed through practice.

First, it is necessary to scientifically fix the base figures and ratios in connection with the application of the contracted management responsibility system. At present, there are two problems concerning this. First, since enterprises individually negotiate with the departments in charge, it often happens that the departments in charge cannot outmaneuver plant directors. Second, the actual amounts of profits turned over to the state in recent years (in the current fiscal year or in the past few years) are used as reference points for fixing such base figures and ratios. Therefore, there are different base figures and ratios for different enterprises. These practices are not without their positive aspects. However, viewed from the angle of development, they are not in keeping with the principle that in a commodity economy, the economic results of an enterprise are measured in terms of socially necessary labor-time. The first problem can be solved by introducing market mechanisms and inviting tenders. However, it is obvious that competition between bidders is dependent on the development of the market and is to a certain extent rather restricted. Large and medium enterprises in particular would not find this quite feasible. Thus, it is best to combine the invitation of tenders with an effort to fix base figures and ratios scientifically. Because of the country's irrational pricing structure, the enterprises have widely different profit rates on funds. In addition, market conditions that foster competition are nonexistent. We can, therefore, fix and grade the base figures and the profit increase retention ratios according to enterprise input and output coefficients. Thus, the base figures in the contracts will be scientifically established. This method can also help enterprises carry out the exchange of equal values on the basis of socially necessary labor-time or production cost while improving economic results and encouraging the hard-working and punishing the lazy.

Second, it is necessary to properly handle the relationship between contracted management on the one hand and the rationalization of enterprise organization and production setup on the other. There are people who think that enterprises that have applied the contract system with satisfactory results are those which produce goods in great demand. These people also think that enterprises producing goods not in great demand may be unable to benefit from the contract system if they apply it. There is a grain of truth in these views. Our market system is still very imperfect. Our enterprises have yet to establish internal operation mechanisms. The utilization rate of the fixed assets in large and medium state-owned enterprises is still very low. Our enterprises are quite incapable of accumulation. Thus, it is difficult for them to readjust their production setup according to market demand or to switch to the production of other products.

The purpose of the application of the contracted management responsibility is not only to develop the production of goods in great demand, but also to restrict the production of oversupplied goods and to help the enterprises in certain industries to switch to the production of other goods. Thus, in applying the contracted management responsibility system, it is necessary to strengthen the control of various forms of value. It is also necessary to require the enterprises to prevent damage to their fixed assets and to keep their value growing. However, we should not adopt a rigid attitude regarding the material forms of fixed assets. We should gradually establish a market for the transfer of fixed assets. This would turn enterprises from mere overseers and storekeepers into units that operate according to market demand and help them make adjustments and develop. In addition, we should gradually divert the bulk of investment toward the enterprises. This would enable the enterprises to readjust their product mix according to market demand and improve the economic results of society as a whole.

And third, we should, while focusing our attention on the contracted management responsibility system, try our best to make the complementary reforms a success. Economic structural reform is a complicated systems engineering project. Complementary reforms are an objective corollary of the development of our socioeconomic structure. But the question is how to go about these reforms and how to coordinate them. Our view is that at present, we should first reform the taxation system and try to perfect it. The reform of the taxation system should be based on an effort to search for more sources of income. It is necessary to give fish water and not to kill the goose that lays golden eggs. In addition, it is also necessary to gradually establish a market system and, in particular, a capital goods market and a money market. Regarding the prices of means of production and the scope and number of mandatory plans, it is necessary to formulate specific measures that are compatible with the contracted management responsibility system.

Commentator Views Current Economic Policy

HK250055 Beijing JINGJI TRIBAO in Chinese 13 Nov 87 p 11

[Commentator's Article: "This Is A Positive Policy"]

[Text] For the rest of this year and next year, the general policy for economic work can be summarized in two sentences. The economy must be further stabilized. The reform must be further deepened. Is this a positive or negative policy? The whole party and all the comrades who are doing economic work, especially those in leadership positions, must have a united understanding about this.

Many comrades' understanding of the two "further's," especially of further stabilizing the economy, is clear. For example, comrades from some areas suggest that, in light of the overall situation of reform and construction, it is

necessary to retrench where necessary and stop construction projects that must be stopped, to "strive for liveliness amid stability and for increase amid retrenchment," and to focus on improving economic results. Other comrades in some areas suggest "striving for development amid retrenchment," changing the pressure from retrenching finance and credit into impetus, and seeking outlets from further reform and from "double increase and double economy." These comrades can squarely face the unstable elements in economic life, can see practical development in the future by slowing down their pace, and understand deeply the dialectical relations of interdependence and inter-promotion between construction and reform. They realize that reform can only be speeded up and deepened amid a stable developing economy and that further stable development of the economy is only possible through deepening the reforms.

However, some comrades' understanding falls short of this idea. They probably only see part of and not the overall situation and "turn a blind eye to the major trend," or replace practicality with ideal. They underestimate some unstable factors, and do not quite understand the requirement of financial and credit retrenchment. They are not very positive and even show different degrees of pessimism.

In areas where the economy develops faster, some comrades are "proud like a victorious army." They feel good about themselves, thinking "Where is Changan located? It's right under my horse's hoofs." As soon as they hear about retrenching finance and credit and further reducing the scale of capital construction, they feel discouraged and hope that they can be the "exception." In areas where the economy develops comparatively slowly, some comrades feel they are the ones who suffer. Judging from all angles, they feel others have gone far ahead while they have only taken the first step. They have barely arrived at the station but are at the end of the queue; nevertheless, they hope to have the "last bite of the pie." Whether it be "an exception" or "the last bite of the pie," the phrase is different yet the thinking and the conclusion are the same. That is, unconsciously, they reckon their area is an exception. This exception, especially the exceptional idea which some comrades in leadership positions have, is the main obstacle to understanding the policy of the implementation of the two "furthers" now.

To correct these ideas, apart from considering the problems in light of the overall and long-term situation of economic construction, there are two problems of understanding which must be solved. The first is to understand that stable development of economy is the law of economic movement. Frequent but small adjustments are inevitable. The development of national economy is a process full of contradictions; especially under conditions of speedy development of the productive forces and drastic changes of economic relations, imbalance and unstable factors are even more likely to emerge. We

should always watch for the trend of economic development, promptly solve the conflicts and problems emerging in economic development, and solve the problem of imbalance in economic life. We should carry out small adjustments to avoid a situation in which proportions are seriously off balance and we are forced to carry out drastic adjustment. Small adjustments are active and positive, and are needed in economically advanced areas as well as backward areas, with no exception. The second problem is that, viewed from the practical situation of the present economic movements, to implement adjustment by way of retrenching finance and credit and controlling demand is a pressing task of general significance. The present economic situation is good but prices are unstable. The prices of a number of consumer goods and production materials have soared. This is an important factor which will affect stable economic development and the progress of reform. Rising prices show that demand is greater than supply in society. There is no effective control of investment and consumption demand in the whole of society. Under this condition, we must work hard to overcome the tendency of being impatient for success in economic work and must resolve to retrench credit and further reduce the scale of capital construction, control the inflation of consumption funds, continue to carry out "double increase and double economy," and work hard to increase and improve supply; all these are the keys to maintaining the stability of prices and the economy. There is no economic stability, and reform cannot be deepened, without retrenchment. This fact and reasoning is of equal weight and importance for the whole country and the localities.

Yet there is a question here: Will retrenchment of finance and credit and control of demand lead to reduction in production? Will it affect people's living? Certainly, it will not. Overall retrenchment of finance and credit is connected with the adjustment of capital usage, and means that funds are used where they are most needed and working hard to enhance the returns of social capital, and is not a retrenching measure for all regardless of the situation. Whether it be the use of financial and credit funds or investment distribution, they must meet the orientation of the adjustment of the industry mix, and meet the demand of cutting back on ordinary projects, ensuring the key projects, and improving economic returns and supplies for society. This is a principle. So long as we have a good understanding of this principle and put demand under control, ensure circulating funds for the production of goods with a ready market and the necessary investment in key projects, resolutely reduce circulating funds for the production of slow-selling and unsaleable products, investment in processing industries, and non-productive construction then can we further improve the industrial structure and the product mix, promote rational distribution of resources, improve social and economic results, and increase social supply. Eventually, this will be beneficial for solving the conflict between financial revenue growth and social

supply and demand. Therefore, production will not drop but will grow steadily, and living standards will be further improved and enhanced.

Daily Discusses Economy in Initial Stage
HK251132 Beijing GUANGMING RIBAO in Chinese
7 Nov 87 p 3

[Article by Wang Shaofei (3769 4801 7378): "The Economic Characteristics of the Initial Stage of Socialism"]

[Text] In his report at the 13th CPC National Congress, Comrade Zhao Ziyang pointed out that our country is still in the initial stage of socialism. He scientifically expounded the basic meaning of the initial stage of socialism. Correctly understanding the economic characteristics of the initial stage of socialism is important to deeply understanding the party's basic line in this stage, to building good social order, to steadily developing the economy, and to speeding up the deepening of economic reform. After several years' reform, the economic characteristics of the initial stage of socialism have taken shape relatively distinctly. They can be boiled down to the following several points:

The Economic Structure Consisting of Many Forms of the System of Ownership Coexisting, With Public Ownership as the Principal Part [subhead]

The economic structure comprising all forms of the ownership system reflects the level of the development of society's productive forces and social quality. The productive forces level and social quality of the initial stage of socialism demand the establishment of the economic structure comprising many forms of the ownership system coexisting; this is one of the basic economic characteristics of the initial stage of socialism. The system of ownership is first shown in the forms of owning, controlling, and using production factors by the people. It originates from the development level of the productive forces and the degree of social character of production. A new form of ownership system is generated in the wake of the development of the productive forces. Before the productive forces develop to the extent that the old form of ownership system can be replaced by the new one, the old form will not withdraw from the historical arena. In the history of the development of human society, except for the primitive community, so far as the quality of the ownership system is concerned, the ownership system is constituted in three forms—state ownership, collective ownership, and individual ownership. These systems exist in slave, feudal, capitalist, and socialist societies. So far as the development level of the productive forces and the degree of the social character of production are concerned, a unitary system of public ownership in socialist society is impossible. The economic structure comprising many forms of the system of ownership coexisting is an objective fact. It is determined by the level of development of the productive forces and the degree of the social character of production. Only the system of ownership that occupies a dominant position

varies with the social system. The system of ownership that occupies a dominant position in capitalist society is private ownership. That which occupies a dominant position in socialist society is public ownership. The system of ownership that occupies a dominant position plays a part in restricting the other forms of the system of ownership so as to make the economic structure of different societies have its own distinctive essence.

The economic structure comprising many forms of the system of ownership coexisting, with public ownership as the principal part, is the process of an unremittingly developing movement. According to the law of competition for existence, all forms of the system of ownership compete with and infiltrate into one another. What is good wins, and what is bad is eliminated. The form of the system of ownership with the best economic results and which can most arouse people's enthusiasm will develop. In the course of mutual competition and mutual infiltration, many forms of operation beneficial to the development of the forms of the system of ownership will be adopted to make the process of operation more complicated and livelier.

Maintaining the stability of the economic structure comprising many forms of the ownership system coexisting is a prerequisite for building good social economic order, stabilizing economic development, and speeding up the deepening of economic reform. If the existing level of productive forces and the degree of the social character of production are not taken into account, the forms of the system of ownership artificially changed, and unitary public ownership or private ownership sought, socioeconomic life will be made unstable. From the founding of our country to the present, the forms of the system of ownership of our country have continuously changed. The problem now is that we must deepen our understanding of the social quality of the initial stage of socialism. We must do this based on the foundation of correctly understanding the economic characteristics of the initial stage of socialism. We must also stabilize the economic structure consisting of many forms of the ownership system coexisting in the course of deepening urban economic reform so that all forms of the system of ownership have a role to play and can develop in a coordinated way. And, finally, we must not artificially and forcibly implement a certain form of the system of ownership and not be eager to eliminate other forms of the system.

Social Constitution of Production Factors With the Form of Equivalent Compensation as the Intermediate Part [subhead]

The core of production relations is to effectively constitute all production factors into the practical social productive force in a suitable form. In the past, people thought that the system of ownership could directly constitute all production factors into the practical social productive force without the aid of any intermediates.

Under the guidance of this simple ideology, the distribution of all production factors without compensation was regarded as the basic form of social constitution. Additionally, the uniqueness of all production factors and their related material interests were obliterated.

In the course of social production with the division of work as the foundation, production factors are possessed by different owners. To constitute the production factors, which are in a state of separation, into the practical social productive force, we can hardly achieve effective social constitution without the aid of the possessors' material interests as the intermediate link. Under the condition that labor is a means for making a living, only by taking the form of equivalent compensation can we effectively constitute all production factors into the practical social productive force. This means that to absorb labor force factors, the people who possess material factors must compensate for the value of the labor force; to utilize material factors, the people who possess the labor force must compensate for the value of the material factors. In other words, it is necessary to achieve social constitution with the aid of the purchase and sale of commodities. The purchase and sale of commodities is a form of equivalent compensation applicable to all modes of production. It is not directly related to the nature of the ownership of the means of production. Before the productive forces can enable people to obtain a means of livelihood without relying on the right to control production factors, either public ownership or private ownership must achieve the effective social constitution of production factors with the aid of the form of the purchase and sale of commodities. This, therefore, determines that the socialist economy is still the commodity economy, the purchase and sale of all production factors must be effected in the form of the purchase and sale of commodities, and the market for the purchase and sale of all production factors must exist.

The key link of economic reform is not to abandon public ownership, to substitute ownership by the enterprises for ownership by the whole people with the state as the representative, and to resort to the active role of private ownership. The key link is actually to commercialize all production factors, to achieve the effective social constitution of the production factors in the form of the purchase and sale of commodities, and to bring the strong points of public ownership into full play under the premise of maintaining ownership by the whole people. Only by so doing can we build socialism with Chinese characteristics.

Consideration Given to the Distribution Mechanism of Individual and Social Collective Interests [subhead]

We must build an economic structure with many forms of the system of ownership coexisting and with public ownership as the principal part. This determines that the socialist economy must build the distribution mechanism of balanced individual interests and social collective interests. In social production with the division of work in society as the foundation, every member of society has his own special interests. In all economic contacts, people will

measure the gained interests of individuals and their units with their economic contacts with other people, compare input with output and the amount of gain with the amount of loss, and compare the amount of labor with the amount of income. In a word, getting the most income with the least labor consumption becomes a general law governing people's economic activities.

However, in socialist economy with public ownership as the principal part, individual interests must be restricted by social interests. Consideration must be given to both individual and social collective interests. The key to success or failure in economic reform lies in building the distribution mechanism to coordinate individual interests and social collective interests to enable people to make the greatest contributions toward society. It is also important to merge individual and social collective interests into an organic whole while they are struggling hard for their individual interests. It won't work if we excessively emphasize individual interests and ignore social collective interests or if we excessively emphasize social interests and ignore individual interests. Particularly in the public-owned economy, the distribution mechanism giving consideration to both individual interests and social collective interests is the source of the motive force to arouse workers' enthusiasm. It cannot be replaced by the ownership of property. In his report at the 13th CPC National Congress, Comrade Zhao Ziyang pointed out that we must adopt many distribution forms and implement the correct distribution policy so that distribution will be more rational and can arouse the initiative of all quarters still better. To deepen urban economic reform, we must first concentrate our efforts on the interest distribution mechanism to make individual interests and social collective interests harmoniously develop. This is an objective demand of the social character of production as well as one of the economic characteristics of socialism as distinct from that of capitalism.

Regulation Through Planning With the Market Mechanism as the Foundation [subhead]

We say that the commodity economy is the form of the social constitution of production factors with the division of work as the foundation. That is to say, the commodity economy is not determined by the nature of the ownership of means of production and regulation through the market and planning is all the inherent demand of the commodity economy. Commodities are produced for the market, and the market demands are social needs. To develop the socialist planned commodity economy, planning cannot deviate from the market, market demands must be regarded as the foundation, and the market cannot depart from regulation through planning. Otherwise, enterprises will be made to engage in indiscriminate production and fall into anarchy. The socialist planned commodity economy demands the building of an economic structure with the inherent unity of planning and the market to gradually form an operation mechanism that will enable the state to regulate the market and the market to direct the enterprises. Following the development of the social character of

production and the expansion of the scope of the market, the scope of planning will also expand accordingly. Because individual enterprises expand to the whole society, the coordination of market needs with the volume of marketable goods becomes the main contents of regulation through planning. Therefore, regulation through planning is not an external factor of the commodity economy imposed on the market but the inherent demand of the development of the commodity economy. At the same time, social needs and the contradiction between supply and demand also compel enterprises to be subordinated to regulation through social planning.

The market and regulation through planning are a unity of contradictions. They are not opposites that cannot be coordinated with one another. The target of economic reform is that the market is not used to replace regulation through planning. Nor is regulation through planning used to restrict the market. But, market and planning are united, the old mechanism for planning is reformed, the market is freely developed, and the new concept of regulation through planning is established. If we still regard regulation through planning as the state material ration system, we shall unavoidably set regulation through planning against the market, use regulation through planning to restrict the market, and think that regulation through planning signifies the expansion of the ration system and the reduction of the scope of the market. Otherwise, if we regard regulation through planning as the coordination of supply with demand and as guidance to the market, there will be no contradiction between regulation through planning and the market. This is a matter of concept as well as a matter of the mechanism for planning.

Implementation of the Open Policy With the Development of the Economy of the Country as the Aim [sub-head]

The commodity economy is the open economy. It is independent of the limitations of national boundaries and social systems. In the epoch of the commodity economy, all countries cannot be divorced from the world market and develop their own economy very quickly in a closed state. Closing a country to international intercourse can only put its own economy in a backward state for a long period of time. To develop its own commodity economy, a country must implement the open policy and make its own economy enter the world market. So far as a socialist country is concerned, implementation of the open policy is based on the requirements for the development of the commodity economy. Therefore, it must break the limitations of the social systems, extensively take part in the commodity and currency contacts with all countries of the world, do commodity business in the world market, and compete with countries of different social systems. So far as the development of a country's economy is concerned, the role of the implementation of the open policy is:

1. Through commodity business, it will absorb foreign advanced technology, speed up the development of its productive forces, and improve its production level.

2. It will absorb foreign resources to speed up the development of its economy. This includes two aspects: 1) It will absorb foreign businessmen's investments, strive for the loans of foreign financial organs, and issue bonds in the foreign funds market; 2) through import and export, it will exchange resources and surplus resources not needed for resources it urgently needs or are in short supply.

3. Through all economic contacts, it will improve the operation and management levels of its enterprises.

4. In competition with the capitalist economy, it will absorb the strong points of the capitalist economy. It will also overcome the defects, perfect the mechanism, enhance the competitive power, and strengthen the functions, of the socialist economy to defeat the capitalist economy.

The foregoing several points are the preliminary understanding of the economic characteristics of the initial stage of socialism. They have been gained in economic reform over the past few years. The summation of these characteristics will constitute the socialist economy with Chinese characteristics. To deepen economic reform, it is necessary to consolidate and develop these characteristics. It is also necessary to mold a new economic operation mechanism according to but not changing these characteristics. Change in the economic characteristics of the initial stage of socialism will twist the orientation of the economic development of the initial stage of socialism, repeat the previous mistakes, and leave economic structural reform of our country unfinished.

Key Projects To Get Preferential Treatment

OW242258 Beijing XINHUA in English 1554 GMT
20 Nov 87

[Text] Beijing, November 20 (XINHUA)—China will offer preferential policies to 300 key imported projects in the next 3 years, *Xinhua* learned today.

These projects include those that can manufacture products vital to the national economy, those that can earn foreign currency, those that can manufacture goods to help enrich the market and improve people's lives, and those that can help improve the industrial structure, the State Council said.

The state will cut or exempt taxation on the products' increased value and will allow part of the products to be sold in foreign exchange on the domestic market.

Similarly, it will loan foreign exchange or cut or exempt import duties and taxation on products' increased value to facilitate importation of raw materials and key equipment.

Priority will be given to those key projects in arranging foreign exchange, loans, funds for scientific and technological development, and material distribution.

Growth of Private Enterprises Viewed
HK250314 Beijing CHINA DAILY in English
25 Nov 87 p 4

[By Zgang Kewen]

[Text] Like owners of individually-operated businesses, those who possess private enterprises have good reason to pay attention to certain paragraphs of the report of General Secretary Zhao Ziyang to the Party's 13th National Congress.

In this report, Zhao, while affirming that public ownership should remain predominant in the primary stage of the socialist society, stressed that "co-operative, individual, and private sectors of the economy in both urban and rural areas should all be encouraged to expand," because they are far from adequately developed.

For the first time, the "private sector" of the economy, formed by private enterprises, has been named in an openly-published Party document as something positive. But, some readers may fail to see the difference between "private enterprises" and "individual enterprises." In Chinese, the two terms have been given quite different meanings.

Individually operated businesses employ only a few people as the provisional regulations of the State Council on the administration of such businesses stipulate that they can employ one or two assistants and skilled owners can take up to three or five apprentices. On the other hand, private enterprises hire many more people.

The essential difference between the two is that while the former is categorized as being owned by the labouring people because the owners live mainly on their own work, the latter is traditionally considered "capitalist ownership" because owners depend mainly on the employment of wage labour.

As a matter of fact, it was because of this character of the private enterprises that the authorities for some time adopted a "wait-and-see" attitude, while giving unequivocal support to individual enterprises.

Nevertheless, from the viewpoint of economic development, individual enterprises will eventually grow to the extent of employing so many workers, as to become "private."

In China's case, individual enterprises began to expand with the new policy in 1979. And in just two years, large-scale private enterprises began to emerge in rural areas, and later in urban areas.

Statistics about their development are not yet available because official standards to distinguish them from individual enterprises have not been defined. But according to the newspaper "Economic Information," a sample survey found that at least one percent of the individually operated enterprises had reached the level of being "private." If this

is true, the number of private enterprises stands at more than 180,000, because the official figure of individual enterprises is some 18 million.

Shanghai's "Liberation Daily" published a more specific figure of the private enterprises in the city. By the end of June, there were 971 such businesses in its urban and rural areas, which employed a total of 15,082 people. On average, each private enterprise employed 15 people.

On how to treat the private enterprises, public opinion is understandably divided because of their traditionally considered "capitalist economic nature." (Some say they have "para-capitalist economic nature")

Zhao's report to the Party's 13th National Congress set an authoritative tone on the controversial private enterprises and explained why they should be allowed to develop in socialist China.

All in all, it is justified on the grounds that this meets the need to develop China's productive forces.

China is now in the primary stage of socialism with backward productive forces as its main feature, which is reflected chiefly in a low degree of industrialization and underdevelopment of the commodity economy. Currently, its per capita gross national product still ranks among the lowest in the world, though its economic strength as a whole has grown enormously over the past 30 years.

Proceeding from this reality, the Party holds that the principal contradiction at this stage of socialism is that of the growing materials and cultural needs of the people on the one hand and the backward productivity on the other. Therefore, the Chinese people must focus on developing productive forces. And all things, so long as they, under socialist conditions, can expedite this task, should be encouraged.

Facts have proved that a certain degree of development of private enterprises can promote production, stimulate the market, provide employment opportunities, and help in many ways to meet people's needs. In providing employment opportunities, for instance, it is estimated that to create one job the State-run enterprise needs an investment of about 16,000 yuan in fixed assets. Private enterprises, along with other non-publically owned businesses, can relieve the burden of the State to a great extent in creating jobs for surplus labour.

Having this in mind, one might understand why Zhao's report, while setting out the long-term guide for the future, pointed out that it is particularly important to develop diverse sectors of the economy, include the private sector, provided that public ownership remains predominant.

Also one may see why the report said it was of paramount importance to develop diverse forms of distribution, provided that distribution according to work is the

principal form. Here, distribution according to work, the socialist principle of distribution of income, has become the principal, instead of the sole, form.

Moreover, the report declared, "Owners of private enterprises employing a certain number of workers receive some unearned income. Income of this type should be allowed, so long as it is acquired legally."

Private enterprises, no doubt, have their defects, such as the consequent labour-capital relations, and possibly excessively-high profits for the owners to the current price system and a management system with many loop-holes.

For this, the report has called for measures to be worked out and laws to be enacted quickly to provide private enterprises with more effective guidance and supervision, while protecting their legitimate interests.

Increase Farmers' Earnings Noted

*OW250155 Beijing XINHUA in English 0740 GMT
24 Nov 87*

[Text] Beijing, November 24 (XINHUA)—Chinese farmers had a per capita cash income of 291.38 yuan (78.7 U.S. dollars) in the first nine months this year.

The earnings were 37.21 yuan (10.1 U.S. dollars) greater than the same period last year and represented a gain of 14.6 percent or seven percent increase based on constant prices, according to a sample survey published by the State Statistical Bureau today.

Per capita spending over the same period was 307.95 yuan (83.2 U.S. dollars), representing a 15.7 percent hike over the same period in 1986 or a 9.3 percent increase on constant prices.

More than half of the cash income, 158.46 yuan, came from sales of agricultural and sideline products, while 62.24 yuan was earned from industry and service trades.

Living expenses were 188.67 yuan, up 14.9 percent over the previous year, while investments were 89.63 yuan, an increase of 17.1 percent.

Science Minister on Role of Scientists

*OW250903 Beijing XINHUA in English 1639 GMT
20 Nov 87*

[Text] Beijing, November 20 (XINHUA)—Chinese scientists have a dual job to do — serve the economy and [words indistinct] of modern sciences, Song Jian, minister of the State Commission for Science and Technology, said today.

"This is a problem of two footholds," Song Jian told a meeting of members of the biological division of the Chinese Academy of Sciences.

"We must do a good job at both fronts," he said.

Song said development of high-tech and new industries was vital to the future of China.

Zhou Guangzhao, president of the Chinese Academy of Sciences, said often-changing policies in the past created an unstable environment for basic research and reduced productivity.

Scientists [words indistinct] among basic research, applied research, and technological development and that "caused us to wander on a tortuous path," he said.

Zhou said the party's 13th National Congress wisely put the development of science, technology and education to the forefront in stating economic development strategy.

"Science should serve the national economy, but we should also have an elite force to do basic research and follow up high-tech," he said.

However, most people were attracted only to technologies that brought instant results.

"The more society develops, the more it pays attention to basic research," he said, citing the examples of the United States, Japan and some European countries.

Zhou said that scientists should show how their research benefits production so that people would be drawn to invest more in research.

Meanwhile, incentives should be created to accelerate putting research findings into production, he said. Part of the income so gained could be reinvested in further research.

"In this way, we can satisfy the urgent demand of economic development and speed up scientific development itself," he added.

Correction to New PLA Chief of Staff Named

The following correction pertains to the item headlined "New PLA General Chief of Staff Named", published in the 24 November China DAILY REPORT, page 21: Paragraph two, line two:....currently political commissar of Jinan Military Region.....(correcting title)

East Region

Jiangsu Secretary on Congress Guidelines
OW210007 Nanjing XINHUA RIBAO in Chinese
9 Nov 87 p 1

[Article by Jiangsu CPC Committee Secretary Han Peixin: "Advance to New Victories Under the Guidance of the Spirit of the 13th CPC National Congress"]

[Text] The 13th National Party Congress has successfully concluded. Another important milestone in the history of our party, this congress has given a blueprint for the future development of our country and charted the direction for building socialism with Chinese characteristics. The primary task before us now is to earnestly study, publicize, and put into practice the guidelines set forth at the congress; make further efforts to unify our understanding; and unite together to work hard so as to do still better all the tasks in our province and win new success in reform and construction.

Prior to the 13th National Party Congress, the provincial party committee spent a fairly long time conducting investigations and studies, earnestly reviewed Jiangsu's development since the 3d Plenary Session of the 11th CPC Central Committee, summed up experience, drew lessons, and then made a preliminary study and formulated an initial plan for our province's future development. This enabled us to have the necessary ideological and work preparations for studying and implementing the guidelines of the 13th National Party Congress. When I attended the 7th Plenary Session of the 12th CPC Central Committee and took part in discussing and examining the documents at the 13th National Party Congress, I received a profound education and a good deal of enlightenment and gained an initial understanding of the guidelines contained in the documents. The following is my personal opinion on how to study and implement the guidelines of the 13th National Party Congress:

1. Earnestly Study the Documents and Raise Our Thinking and Understanding to a New Level [subhead]

Comrade Zhao Ziyang's report adopted by the 13th National Party Congress is a Marxist document of vital immediate importance and far-reaching historical significance. The report sums up in a scientific way the work since the 3d Plenary Session of the 11th CPC Central Committee, makes a highly theoretical generalization of the whole party's practical experience over the past 9 years, establishes the basic line of our party for the initial stage of socialism, and sets forth more clearly the one central task and two basic points. In addition, it puts forward the basic principles for the party's economic development strategy, its economic and political structural reforms, and its own construction. As can be seen, the report is very rich in content. To carry out the

guidelines of the 13th National Party Congress, we should, in the first place, earnestly study this report so as to raise our thinking and understanding to a new level.

This report to the 13th National Party Congress is primarily based on the theory of the initial stage of socialism and contains a systematic elaboration of this theory. In studying this report, we should, first of all, earnestly study the theory of the initial stage of socialism so as to gain a comprehensive and deep understanding of the party's basic line. The party's basic line is founded on the theory of the initial stage of socialism. It is also on the basis of this theory that our party has set forth its major tasks and fundamental principles for the new period. Once we have grasped the theory of the initial stage of socialism, we will be able to grasp the key to understanding the guidelines of the 13th National Party Congress and to lay an ideological groundwork for implementing the party's basic line.

Since the 3d Plenary Session of the 11th CPC Central Committee, there has appeared a second leap in the integration of Marxism and China's practice, and our party's knowledge of socialism has reached a new level. In particular, Comrade Deng Xiaoping was the first one to put forward and repeatedly explain many important viewpoints. Such new knowledge and viewpoints make up the basic framework of the theory of the initial stage of socialism. This theory is a new contribution to the treasure house of Marxist theories by the contemporary Chinese Communists represented by Comrade Xiaoping. By advancing and keeping to this theory, we are upholding and developing Marxism under China's practical conditions. Hence, earnestly studying the theory of the initial stage of socialism should be regarded as an important aspect of Marxist studies.

Our achievements in reform over the past 9 years find expression not only in our practical work but also in the theoretical field. The theory of the initial stage of socialism is a theoretical achievement in the 9 years of reform. In the past, because of insufficient theoretical work to support our reform, some comrades were at a loss in the face of new things and fresh questions and even doubted whether we were practicing "socialism" or "capitalism." By expounding on the theory of the initial stage of socialism, the report to the 13th National Party Congress has provided a solid theoretical basis for us to persist in, speed up, and deepen our reform and given us a powerful ideological tool to eradicate interference from the "left" and right and to criticize the "ossified" thinking and "bourgeois liberalization."

In short, to study well the theory on the initial stage of socialism is of great significance. This theory is derived from our practice. After being summarized with a scientific approach, it will definitely be able to guide our practice in the future. When we tackle issues or do things, we must proceed from the actual conditions during the initial stage of socialism. When we plan to carry out our work for a particular department or sector,

we must also fully understand the historical background of the initial stage of socialism. Thus we will be able to carry out our work reliably and with an even more clear-cut orientation.

In studying the documents of the 13th CPC National Congress, we must adhere to the principle of integrating theory with practice. On the one hand, we will be able to deepen our understanding of the documents of the 13th CPC National Congress by integrating theory with practice. We have been participating in the practice since the 3d Plenary Session of the 11th CPC Central Committee, and summed up a great deal of experiences in our work. Reviewing and summing up the developments in one's own district and unit and the process of cognition help us a great deal in studying the guidelines in the documents. On the other hand, we must link our efforts in studying the documents with those in implementing them by integrating theory with practice. While studying the documents, we must understand the actual local situation, learn how to implement the party's basic line in the course of doing our own work, and pay full attention to the central task of economic development and the two essential points, namely, adherence to the four cardinal principles and implementation of reform and the open policy. The documents of the 13th CPC National Congress set forth many tasks which we will soon begin to carry out. We should unify our views in the course of studying them and earnestly carry them out.

2. Speed Up and Deepen Reform, Firmly and Properly Proceed With New Strides [subhead]

The main point of the 13th CPC National Congress is to speed up and deepen reform. In order to implement the guidelines of the 13th CPC National Congress, we must also closely focus on the subject of reform. Like the whole country, Jiangsu has achieved significant results in carrying out reform. The relatively fast development of economic and social work in Jiangsu during the past 9 years is, in the final analysis, due to reform. Therefore, in order to make new developments in this province, we must persist in carrying out reform.

The 13th CPC National Congress has put forward six tasks in regard to deepening the reform of the economic structure. Measuring our efforts in carrying out reform by the standards of the tasks set by the 13th CPC National Congress, we can see that there are many more things to be done and the tasks of deepening reform are very arduous. In view of the situation in this province, we must especially stress the following things:

First, we must further invigorate the enterprises. It is necessary to promote the system of having plant directors (or managers) assume full responsibility in an all-round way, and at the same time combine the system under which the plant director (or manager) is held responsible for the attainment of certain objectives during his or her tenure with the contracted managerial responsibility system. In this way, we can truly integrate

responsibility with power and profit. The basic experience of township and village enterprises, collective enterprises and small enterprises in carrying out "one contract and three reforms" [yi bao san gai] can also be used by large and medium state enterprises. While invigorating themselves, the large and medium enterprises should play a backbone role in establishing lateral ties with other enterprises and use their advanced technology and managerial skills to help small enterprises make improvements. We should improve the organization and competitive power of Jiangsu's enterprises as a group while invigorating them.

Second, we should quicken our pace in opening to the outside world. Jiangsu is on the frontline in opening to the outside world. Our present progress in opening to the outside world is incompatible with our location and the objective requirement of economic development and lags behind fraternal provinces and municipalities in the coastal areas. We must recognize this gap and work hard to catch up with fraternal provinces and municipalities. We should vigorously develop export-oriented agricultural production and raise the competitive power of our industrial products on the international market in order to expand export. We should boldly utilize foreign capital with greater flexibility and promote the transformation of our province, especially the Suzhou, Wuxi, and Changzhou areas, into an area with an economy open to the outside world.

Third, we should expand the power of various counties and districts. Counties are at an administrative level capable of "fighting" alone and are also economic entities with considerable strength. The township enterprises in southern Jiangsu are mainly developed under the planning and guidance of various counties. The progress of city construction work in Nanjing and other cities is also directly related to the expansion of power of various districts under those cities. Experience has fully proved the important role of counties and districts in economic development. We should further study specific methods to invigorate various counties and districts and give full play to their advantages and special characteristics.

Fourth, we should continue to deepen reform in the rural areas. We should stabilize agricultural production and develop the rural economy in an all-round way. We should exert great efforts and do solid work in perfecting the contract responsibility system, developing agricultural production at an appropriate scale, improving services for rural areas, activating rural finance, and promoting the circulation of commodities. In deepening reform in the rural areas, we should pay particular attention to arousing and protecting the enthusiasm of peasants in production.

The 13th CPC National Congress has placed the reform of the political structure on the daily agenda of the whole party. With the deepening of the reform of the economic structure, we have more and more realized the importance and urgency of the reform of the political structure.

Before the convocation of the 13th CPC National Congress, the Jiangsu provincial party committee had made investigations and studies on the reform of the political structure at the provincial level in accordance with spirit of Comrade Deng Xiaoping's important speech "The Reform of the Leading System of the Party and State." After studying the documents of the 13th CPC National Congress, I am convinced that the seven tasks in carrying out the reform of the political structure put forward by Comrade Zhao Ziyang in his report to the congress fully conform to the actual situation of this province and can effectively help us improve our shortcomings. We must firmly implement the policy of the 13th CPC National Congress on carrying out political reform. We should further study the actual situation of Jiangsu and carry out the reform of the political structure in a systematic and orderly way under the unified planning of the party Central Committee. At present, we should emphasize grasping the following work:

First, we should organize the broad masses of cadres to study documents related to political reform in order to have a clear understanding about the direction, goals, principles, and policies of political reform. We should raise their consciousness about political reform and, in particular, the overall situation. All cadres should attach importance to the interests of the party and people, actively plunge themselves into the work of carrying out political reform, and work hard in their respective posts and be faithful in the discharge of their duties.

Second, it is necessary to carry out an all-round investigation and study. The province, various cities and counties, and various departments should all make investigations and studies on how to implement political reform at their respective levels and departments. They should sum up and draw lessons from historical experience, analyze good and bad points of the current political structure, and put forward their own ideas and plans in order to make full preparations for the gradual implementation of political reform.

Third, it is necessary to effectively improve various aspects of work according to the principle of the reform of the political structure and to solve various problems. For instance, according to the principle of separating the functions of the party and the government, local party committees should ensure that various government organizations are able to fully develop their role, and party committees of various enterprises should effectively guarantee and support the implementation of the system of having plant directors (or managers) assume full responsibility. We should continue to give greater power to lower level units, extensively unfold consultative activities with the society, and do a good job in reforming organizations at selected cities.

3. Firmly Take Economic Construction as the Central Task and Raise Jiangsu's Economy to a New High Level [subhead]

Jiangsu's economy has achieved relatively great progress in the past 9 years since the 3d Plenary Session of the 11th CPC Central Committee. As of 1986, the total value of the gross national product, the total social output value, the national income and the total value of agricultural and industrial products were all more than doubled. They increased simultaneously and proportionately at a relatively high speed. Economic strength has increased and people's living standard has been significantly improved. We have generally reached the initial strategic goal in economic development since the 3d Plenary Session of the 11th CPC Central Committee. In the future, we must continue to struggle hard in order to achieve the second goal. At present, we should first grasp the last 3 years of the "Seventh 5-Year Plan," strive to fulfill or overfulfill the "Seventh 5-Year Plan," and make early plans for economic development in the "Eighth 5-Year Plan." The 8 years from now to 1995 will be an important period in achieving the second goal. We must make a strategic plan for economic development during the 8 years in order to raise Jiangsu's economy to a new high level and insure the realization of the second goal.

Through investigation and study, I am convinced that the basic plan for Jiangsu's economic and social development in the following 8 years should be as follows: We should concentrate our efforts to raise economic results, deepen reform and use reform as a motivating force in our work, speed up opening to the outside world, make prominent progress in the fields of science and technology, improve the economic structure, hasten the construction of key projects, strengthen our potential power, promote a coordinated and stable development of the national economy and social work, and build Jiangsu into one of the provinces with a relatively developed economy, relative prosperity in cultural work, relatively advanced science and technology, and a relatively high standard of living so as to lay a relatively good foundation materially and technologically for realizing ahead of schedule the grand goal set for the end of this century and achieving even greater development in the 21st century.

To carry out this strategic proposal and bring Jiangsu's economy to a new stage, it is imperative, in my opinion, to further strengthen the guiding ideology of taking economic construction as the central task. Cadres at all levels in Jiangsu have always paid attention to economic work and grasped it very firmly. This fine tradition should continue to be carried forward. We should further enhance the thinking that we have to go all out to develop our productive forces and should have the standards of productive forces in our minds. To set up the standards of productive forces is the deepening of the guiding ideology of taking economic construction as the central task. From now on, all our judgments should be based on the standards of productive forces whether we are formulating policies or solving questions. We should go all out to support, encourage, and allow whatever is conducive to the development of the productive forces and firmly resist and eradicate whatever has an adverse effect on such development.

To bring Jiangsu's economy to a new stage means not only to effect quantitative growth, but also to pay attention to qualitative progress. For this reason, we should make sure that our work of economic development is put on the track of focusing on economic results, and we should try to achieve a new level with respect to the economic structure, application of technology, managerial skills, and benefits derived.

4. Strengthen and Improve Party Leadership and Explore New Ways To Build Our Party While Carrying Out Reform and the Open Policy [subhead]

The basic guarantee for our success in fulfilling the tasks set forth at the 13th CPC National Congress and in meeting our work targets is to strengthen and improve party leadership. In reforming our political structure, we will separate the functions of the party and government. To do so is aimed at strengthening and improving party leadership. Not in the slightest does it mean that the party may relax its leadership responsibility. The burden on the leading cadres at all levels in the party will become heavier instead of being lightened. We must have an adequate understanding of this. All our comrades, whether engaged in party work or administrative work, should fully understand the advantages to their fields of work as a result of the separation of party and government functions. They should take a positive attitude to study how party and administrative organizations should develop their work following the separation of party and government functions so as to gradually establish a new order of work.

With the separation of party and government functions, the party organizations at all levels can devote more efforts to building the party itself. The key to building the party lies in raising the quality of its members. The improvement of our party style and the enhancement of our party's fighting capacity both depend on the improvement of our party members' quality. To improve our party members' quality, it is imperative to implement the principle of strictness with party members. On the one hand, in recruiting new party members, we must firmly keep to the standards established for party members. On the other hand, we must strengthen the education of our party members and strictly enforce party discipline. Our party-building work in the future will depend mainly on what we are doing regularly. To do so, we must blaze a new way for building our party through reform and establishment of various systems rather than political movements.

Central-South Region

Guangdong Overall Reform Experimental Area
OW250739 Beijing XINHUA in English 0650 GMT
22 Nov 87

[Text] Beijing, November 22 (XINHUA)—The party Central Committee has designated south China's Guangdong Province as an experimental area for overall

reform, and it will continue to serve as a "scout" in exploring the socialist road with Chinese characteristics, today's *People's Daily* reports.

In an interview with reporters at a dialogue with representatives of local people, provincial party Secretary Lin Ruo and Governor Ye Xuanping noted that this represents the major conception of the party Central Committee to first prompt Guangdong to involve itself deeper into the planned commodity economy and expand the regulation through market.

This is aimed at giving scope to the superiority of the socialist system and displaying the correctness of the basic line for the primary stage of socialism.

The provincial party committee and government are working out plans in accordance with the directive of the party Central Committee, they noted. Guangdong will take a step in advance in developing a planned commodity economy and expanding the scope of market regulation.

The Pearl River Delta open area, which had been approved by the party Central Committee, will extend into a bigger triangular area from the former smaller one.

The province is accelerating the pace of reform in an all-round way and enable the new economic structure to play the main role in the near future and transit mainly to the new structure in the next two or three years. [sentence as received]

As for the reform of the political structure, the province is intensifying researches on how to separate the functions of the party from those of the government and explore into concrete measures for speeding up the reform.

With accumulated experience in the past nine years of reform, Guangdong has laid certain foundation, and it is sure to further tap its advantageous conditions such as its adjacency to Hong Kong and Macao and the ancestral home of Overseas Chinese worldwide, the two provincial leaders said.

Illegal Guangdong Explosives Market Exposed
HK250303 Guangzhou Guangdong Provincial Service
in Mandarin 1030 GMT 23 Nov 87

[Text] The Public Security Office in Liannan Yao Autonomous County recently unearthed a ring of 10 persons who were illegally reselling explosives and also seized 996 kilos of explosives and 625 meters of blasting fuse.

(Sun Zhijiang) and five other criminals have been officially arrested. From June 1986 to July 1987, (Sun Zhijiang), a peasant of (Libu) town in Yangshan county, had illegally bought 280,000 detonating caps, over 3,300 kilos of explosive and 9,000 meters of blasting fuse from

certain enterprises and materials supply departments, and then resold most of these explosives to certain persons called Wen and Lu at a high price, reaping staggering profits.

Southwest Region

Sichuan Secretary on Development Strategy
HK250417 Chengdu Sichuan Provincial Service
in Mandarin 0100 GMT 25 Nov 87

[Text] Sichuan provincial party committee Secretary Yang Rudai spoke on 23 November at the third academic seminar on development strategy for the southwest economic zone, which was convened in Chengdu. He pointed out that future study of the development strategy for this zone should be carried out in line with the demand put forward by the 13th Party Congress regarding economic development strategy during the initial stage of socialism, be based on reality, and make new contributions to exploiting the southwest's resources and developing its economy.

At present it is necessary to focus on investigation, study, and theoretical exploration in the following seven aspects: 1) the relationship between strategy for the southwest and overall national strategy; 2) the correct handling of relations with eastern China; 3) speeding up the development of planned commodity economy; 4) optimizing the production structure and speeding up agricultural development; 5) speeding up the development of key areas and also of poor regions; 6) scientific and technological advance and exploitation of brain power; 7) joint efforts in cooperation, and opening up to the world.

On behalf of the provincial party committee, Comrade Yang Rudai warmly greeted and thanked those experts, scholars, and comrades who had come great distances to Sichuan to explore together the development strategy for the southwest. He appreciated the research results they have already achieved, which have expanded the southwest's impact at home and abroad. Many suggestions have been put forward for the strategic policy-making of the central authorities and the southwestern provinces, autonomous region, and cities.

North Region

Tianjin Meeting To Study Congress Guideline
SK240720 Tianjin TIANJIN RIBAO in Chinese
10 Nov 87 pp 1,2

[Excerpts] On the afternoon of 9 November, the Tianjin municipal party committee held a 5,000-person rally at the municipal people's gymnasium to relay the guidelines of the 13th National Party Congress. The rally stressed: At present, the central task that faces party organizations at all levels and the people throughout the municipality is to conscientiously study, energetically

publicize, and comprehensively implement the guidelines of the 13th National Party Congress. It called on the broad masses of party members and the people throughout the municipality to resolutely implement the party's basic line under the leadership of 13th party Central Committee, to work with one heart and one soul, to enhance the spirit, to be quietly immersed in hard work, to advance with a pioneering spirit, to blaze new trails, and to strive to consolidate and develop the excellent situation in the municipality and to successfully fulfill all tasks presented at the 13th National Party Congress.

The rally was presided over by Zhang Zaiwang.

At the rally, Wu Zhen, deputy secretary of the municipal party committee and deputy leader of the Tianjin delegation to the 13th National Party Congress, presented a report to relay the guidelines of the 13th National Party Congress. He first introduced the grand situation at the congress. [passage omitted]

In relaying the major guidelines of the 13th National Party Congress he expounded every major point of study in the report. He then introduced the situation of the congress in electing central leading organs. He said: The new central committees have made new strides forward in choosing younger and more educated leaders. This is a great success of the 13th National Party Congress. During elections at the congress, our leading municipal comrades, such as Li Ruihuan and Nie Bichu were elected members of the party Central Committee; Comrade Zhang Lichang and Li Huifen were elected alternate members of the party Central Committee; Comrade Yan Dakai was elected a member of the Central Advisory Commission; and Comrade Zhang Dinghua was elected a member of the Central Discipline Inspection Commission. The first plenary session of the 13th party Central Committee also elected new central leading organs. Comrade Li Ruihuan was elected a member of the Political Bureau of the party Central Committee. [passage omitted]

Li Ruihuan, member of the Political Bureau of the party Central Committee, leader of the Tianjin delegation to the 13th National Party Congress, and secretary of the municipal party committee, offered important opinions on how to successfully study and implement the congress guidelines.

Li Ruihuan said: Comrade Zhao Ziyang's report is a scientific summary of practices conducted since the 3d plenary session of the 13th party Central Committee, a theoretical summary of building socialism with Chinese characteristics, a magnificent blueprint for socialist modernization construction, and a basic principle for conducting comprehensive reforms. This report is an essential basis for all fields of work and guidance for our actions for a considerably long period of time in the days to come. Only by realistically mastering these scientific weapons of cognition and ideology can we overcome blindness in action, enhance awareness, successfully

carry out all fields of work, and guard against wavering between the left and the right in our practical work. Therefore, leading cadres at all levels and all Communist Party members should exert utmost efforts to thoroughly understand the documents of the 13th National Party Congress.

Li Ruihuan pointed out: The report of the 13th National Party Congress is rich in content with a strong sense of policy, embracing many new proposals and concepts. It applies and develops Marxism under the new situation. It is not easy for one to thoroughly understand them and to creatively apply them in their practical work. In studying the report, we must not stop after acquiring a little knowledge of it or be satisfied with a superficial understanding. We must exert efforts to study intensively, realistically understand the essence of the report, and master its quintessence.

Li Ruihuan stressed: The theory of the initial stage of socialism is a basis for the line of reasoning of the entire report, as well as a key to understanding the report. We must exert strenuous efforts to realistically understand this issue in terms of theory and practice. He said: No matter what type of work we do, we must first make our ideology conform with the objective reality. This is what we have often mentioned, the practice of seeking truth from facts and proceeding from the reality in doing all things. Under the guidance of the party, the people of various nationalities throughout the nation have made great achievements in many fields in the 30 years or so since the founding of the PRC. All this results from the fact that the party's principles and policies for many areas conform to reality. At the same time, we must not negate that we have made many mistakes during the past 30 years or so just because we have been divorced from the actual conditions where our country is in the initial stage of socialism and we have implemented a set of "leftist" things that go beyond the initial stage of socialism to the neglect of the development of productive forces. These "leftist" things not only brought about serious pains to our people but also remain obstacles to the current reform, the opening to the outside world, and the progress of the socialist construction. The theory on the initial stage of socialism is important because it provides answers to these questions.

Li Ruihuan said: Studying and implementing the documents adopted at the 13th Party Congress is a key task at present and in the years to come. The municipal party committee will issue a special circular on studying these documents. Here, I want to emphasize few points. First, the entire municipality should focus the study of the documents adopted at the 13th Party Congress on self-study and on reading the original texts. Communist Party members, particularly leading cadres, should do this. Second, the study of the documents must be closely combined with reality, with the experiences in reform gained during the past 9 years, with the economic and political structure reforms, with the economic construction, and with the practice of party building. Third, we

should truly pay attention to substantial results instead of practicing formalism. Fourth, it is necessary to smash the depressing atmosphere of political study that has taken shape in some units over the past few years. We should mobilize and organize the masses to vividly study and propagate the documents adopted at the 13th Party Congress. Fifth, theoretical work should be carried out and be deeply investigated and studied and should proceed through full exposition and appraisal in line with the guidelines of the 13th Party Congress, with key viewpoints, and with various major policies. Press, publication, and radio and television departments should bring into full play their functions of propaganda, guidance, and enhancement.

Li Ruihuan stressed: The key to implementing the guidelines of the 13th Party Congress hinges on whether we can keep in close touch with reality. Keeping in touch with reality is the purpose of our study. We are studying, disseminating, and implementing the report adopted at the 13th Party Congress in order to use the guidelines of the congress to unify our thinking and guide our work. Thus, keeping in touch with reality is an issue related to our attitude toward the 13th Party Congress. In order to support the 13th Party Congress, we must handle affairs according to the guidelines of the congress. Keeping in touch with reality is an important guarantee for conquering difficulties and doing a good job in all work. All ideological and practical problems related to reform and the opening to the outside world must be solved through studying the report adopted at the 13th Party Congress. Meanwhile, only when we proceed from reality and deepen our understanding in the course of practice can we thoroughly understand the spiritual essence of the report. Therefore, we must closely grasp the link of keeping in touch with reality in the course of studying and implementing the guidelines of the 13th Party Congress. This should be regarded as a criterion for judging the achievements of each unit and party member in study as well as a sign for judging the achievements in implementing the guidelines of the 13th Party Congress.

On the issue of how to proceed from reality, Li Ruihuan set forth three conditions. First, we must solve the problems with which the people are generally concerned in order to proceed from reality. For instance, almost all people have complaints about the unhealthy practices within the party and in society, about the arbitrary price hikes, and about serious bureaucratic work style and low work efficiency. Most people have complaints about these problems because they are comparatively widespread and serious. That is to say, more people are related to these unhealthy practices. Even people with complaints are also engaged in these unhealthy practices. They have complaints about others, while other people have complaints about them. If everyone has complaints, how should we solve them? In my opinion, we should study the documents of the 13th Party Congress, bear the reality firmly in mind, and start immediately from ourselves and our own units. Through implementation of the guidelines of the 13th Party Congress, we

should achieve realistic and notable results in these fields. Second, we should solve the conspicuous problems of our own departments, localities, and units in our efforts to bear the reality in mind. We should solve the problems in understanding if people fail to unify their thinking; we should solve the problems in unity if leading bodies are not united; we should solve the problems in mental attitude if people are dispirited; and we should solve the problems in implementation if policies are not implemented. Third, the central authorities have made arrangements in principle, but there are still sensitive issues which have a bearing on the overall situation and in which we lack mature experiences. As far as these issues are concerned, we should work out meticulous plans and make full preparations to resolve them in an orderly and steady manner. The municipality should formulate unified plans for them, and no unit is permitted to act in its own way. This mainly refers to the political structural reform. The report to the 13th Party Congress has made detailed exposition and clear regulations on the guiding principles, the specific goals, and the principles, measures, and steps for implementation. Based on these guidelines, the basic principles defined by the municipal party committee are as follows. First, it is an opportune time for us to carry out the political structural reform, and we should include it in our work schedule. Party organizations at all levels and all party comrades should voluntarily and actively plunge into this reform in line with the goals, principles, and policies decided on by the central authorities. Second, since the political structural reform is a very complicated and sensitive issue having a bearing on the overall situation, we should be very prudent toward it, refrain from rushing headlong into mass action and seeking uniformity, avoid dislocation and friction in work as much as possible in the period when new systems are replacing the old, reduce as much as possible the impact on various fields, and proceed with political structural reform in a more stable way. Third, we should not only pay close attention to this work but also carry it out meticulously. We should organize specialized groups to conduct thorough investigations and study; work out various plans; repeatedly compare, appraise, and test them; and put them into effect whenever they become mature. We should avoid carelessness and rashness in performing the work. We should make it clear that separating party and government functions is an important reform of our party's leadership system which aimed at strengthening and improving party leadership rather than weakening its leading role and at further improving the party's leadership level so that the party can truly take charge of party affairs and be in a position to control contradictions, assume overall responsibility, and coordinate the work of various fields. We should also make it clear that the masses of party work cadres and political work cadres throughout the municipality are generally good. They have played a significant role in reform, opening up, and building socialism over the past years, and their tremendously painstaking labor is embodied in Tianjin's excellent situation and the achievements in various fields. These comrades have been the backbone forces of

our work, and they will remain so in the future. If, for a certain period in the past, some comrades failed to fully develop their initiative and talents, it was our systems, not these comrades themselves, that were responsible. In the process of reforming the political structure, we should make proper arrangements for these comrades in an earnest and responsible manner, as far as the interest of the party's cause or the interest of these comrades themselves are concerned. We hope that the masses of cadres throughout the municipality will eliminate the misgivings in their thinking, keep their minds on their work, and successfully fulfill their duty. Please believe that the municipal party committee and party organizations at all levels will treat our cadres prudently and make careful arrangements for them so that they can develop their talents, work with enthusiasm, and be full of promise.

With regard to the current work, Li Ruihuan said: Nearly 2 months is left from now until the end of this year; so, all departments should strengthen leadership over and make a unified arrangement for the work during this period in an effort to ensure that the work in all fields will be carried out in an intense but orderly manner. The general requirements set forth by the municipal party committee are to do a good job in fulfilling this year's tasks, to make good arrangements for next year's work, and to further consolidate and develop Tianjin's excellent situation through studying and implementing the guidelines of the 13th Party Congress. We must grasp three tasks at present: First, to continue to firmly grasp the campaign of increasing revenues and reducing expenditures in order to ensure the fulfillment of this year's revenue plan. Second, to try every possible means to ensure a good supply of commodities during this winter and to provide the people with improved living conditions. Third, to maintain the basic stability of the prices of goods. While fulfilling this year's tasks, we should positively make preparations for next year's work.

Li Ruihuan concluded: The mental state of all people of the municipality is of decisive significance in next year's work. Thus, we must fully estimate the extreme importance of this matter and must arouse the people from higher to lower levels to pay high attention to this. An important task for next year, which can be called a task of fundamental importance, is to further stabilize the people's feeling and inspire the masses with enthusiasm. We must bring into full play this political advantage. First, we must strengthen and improve ideological and political work and establish and perfect the social consultation and dialogue system in an effort to better arouse the people's socialist enthusiasm and their warmly creative and sacrificing spirit. Second, we must solve several sensitive problems about which the masses have most complaints; for instance, the unhealthy practices within the party and in society, unreasonable distribution, and arbitrary price hikes. Third, we should further overcome bureaucracy, improve leadership style, and solve the most urgent problems related to the

people's livelihood. In short, we must adopt various effective methods to further carry forward and distill the spirit of self-respect, self-improvement, and self-belief that is jointly cultivated by all people of the municipality and to use this advantage to overcome all difficulties and achieve the work in all fields.

Delegates of the municipality to the 13th Party Congress attended the meeting.

Also attending the meeting were Tan Shaowen and Nie Bichu, deputy secretaries of the municipal party committee; and Yan Dukui, member of the Central Advisory Commission.

Also attending the meeting were some leading comrades, including Yang Jingheng, Wang Xudong, Ji Zenghui, He Guomo, Chen Yiyi, Zhang Dinghua, Zheng Guozhong, Bai Huiling, Zhang Lichang, Li Huifen, Lam Baojing, Hao Tianyi, Yang Huojie, Bai Hua, Zhao Jun, Liu Zengkun, Yang Jianbai, Fan Quan, Han Tianyao, Yu Fuying, Shi Jian, Yao Jun, Liu Jinfeng, Lu Xuezhong, Li Changwing, Mao Changwu, Xiao Yuan, Zhao Jinsheng, Zhou Rui, Li Yuan, Huang Difei, Huang Yusheng, Yang Tianzhou, Yu Songling, Kang Tiejun, Liao Canhui, Zheng Wantong, and Huang Yanzhi; and some old comrades, including Liu Gang, Wang Enhui, Lu Da, Li Shusen, Zhao Gang, Pang Xinting, Wu Zhen, and Tan Songping. Attending the meeting were more than 5,000 people, including responsible comrades of the municipal party committee, the municipal Advisory Commission, the Standing Committee of the municipal People's Congress, the municipal government, the municipal CPPCC Committee, and the municipal Discipline Inspection Commission; responsible comrades of various democratic parties; members of the municipal party committee, the municipal Advisory Commission, and the municipal Discipline Inspection Commission; responsible comrades of various departments, commissions, and offices; and responsible comrades of various districts, counties, bureaus, companies, and large enterprises.

Northeast Region

Heilongjiang Congress Meeting Opens 23 Nov
SK240513 Huanbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 23 Nov 87

[Text] The 30th Standing Committee Meeting of the 6th Heilongjiang Provincial People's Congress opened at the assembly hall of the provincial People's Congress this morning.

Li Jianbai, delegate to the 13th Party Congress and chairman of the Standing Committee of the provincial People's Congress, first relayed the guidelines of the 13th Party Congress at the meeting. Members of the Standing Committee of the provincial People's Congress conscientiously heard the explanation of the revised draft regulations on management of collective and individual

mining industries and of the draft regulations on minority townships; the report on the results in examining and discussing the proposals put forth by the deputies; the report on handling the proposals, criticism, and opinions put forth by the deputies; the report on family planning work; the report on the election of next people's congresses at various levels throughout the province; and the report on investigating the implementation of the law.

Members will examine and discuss the aforementioned explanations and reports; and rules and regulations, resolutions, and cadre appointments and dismissals will be adopted at the meeting.

Wei Zhimin, vice chairman of the Standing Committee of the provincial People's Congress, presided over this morning's meeting.

Liaoning People's Congress Plenary Meeting
SK240558 Shenyang Liaoning Provincial Service
in Mandarin 2200 GMT 23 Nov 87

[Text] On the morning of 23 November, the 29th Standing Committee meeting of the 6th provincial People's Congress held its 2d plenary meeting to hear the reports given by the vice president of the provincial Higher People's Court, the director of the provincial Public Security Department, and the director of the provincial Land Management Bureau.

While reporting on the province's implementation of the General Principles of the Civil Code, Sun Guoyuan, vice president of the provincial Higher People's Court, said: Thanks to the formal implementation of the General Principles of the Civil Code, new situations have emerged in civil affairs activities, in the relations of civil laws, and in the cases accepted by the people's courts. First, the number of cases has increased; second, the subjects in the relations of civil laws have increased; and third, new types of cases have increased.

While touching on the provincial public security organs' implementation of the regulations on managing public security and punishing violators, Xu Sheng, director of the provincial Public Security Department, said: Our provincial public security organs have scored remarkable achievements in implementing the regulations on managing public security and punishing violators and the quality of handling cases as well as the level of observing laws of the cadres and policemen have improved. From January to October this year, the number of public security cases which were investigated and handled by the public security organs throughout the province by applying to regulations increased 27.8 percent over the same period of last year; and the number of persons punished for violating the public security management regulations increased 25.8 percent over the same period of last year. While handling cases, public security organs at all levels paid attention to guaranteeing the quality of handling cases, and handled cases strictly in line with the

stipulated procedures of the new regulations. Most of the cases were handled according to facts and evidence; the nature of cases was accurately determined and the punishment was proper.

Most of the appeals contesting the adjudication made by the public security organs were accepted in a timely manner, reinvestigated rapidly, and adjudicated carefully.

At the 2d plenary meeting of the 29th Standing Committee meeting of the 6th provincial People's Congress held on the morning of 23 November, the provincial Land Management Bureau director also explained the province' revised draft provisional regulations for implementing the PRC's Land Management Law.

Northwest Region

Gansu Leader Addresses Workers' Conference

HK250245 Lanzhou Gansu Provincial Service
in Mandarin 1100 GMT 23 Nov 87

[Excerpts] The fourth provincial conference on educational work for staff members and workers, which concluded today, noted: It is imperative to conscientiously implement the spirit of the 13th National Party Congress and strive to develop educational undertakings for the staff members and workers in our province. In carrying out educational work for staff members and workers throughout the province during the past 2 years, we have insisted on being geared to the needs of enterprises and production, centered on the key task of improving economic results, adhered to the principle of arranging educational work according to need and conducting directional [ding xiang] training, and stressed technical training for each section of a production line as well as in-service and continuing education. We have extensively carried out political cultural, technical, and vocational education for different types of personnel from all trades and professions throughout the province, thus effectively and quickly improving the quality of our staff members and workers.

The conference called for allowing the development of educational undertakings for staff members and workers to occupy a prominent strategic place. [passage omitted] Attending the conference were Li Ziqi, Huang Luobin, Lin Bing, (Nian Haiwang), and Zhu Xuanren.

In his speech at the conference, Li Ziqi expressed the hope that comrades engaged in educational work for staff members and workers throughout the province will conscientiously implement the spirit of the 13th National Party Congress, and (?take the lead) in attaching importance to this educational work, constantly bringing forth new ideas, and making unremitting efforts to score still greater achievements.

Xinjiang Officials Stress Solidarity

HK250403 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 23 Nov 87

[News feature by station reporter (Ba De Ma): "Laughter From A Compound"]

[Excerpts] Although the No 81 compound on (Xibei) road in Urumqi City has all along been a quiet one, this morning people could frequently hear sounds of laughter there. In a small house at the compound belonging to (Ri Bei Han), an elderly woman of Uygur nationality, Ismail Amat, minister in charge of the State Nationalities Affairs Commission, who is in Xinjiang for the second regional meeting to commend progressives in promoting nationality solidarity; as well as Song Hanliang, Tomur Dawamat, Li Shoushan, Janabil, Amudun Niyaz, and Zhang Sixue, leaders from the autonomous regional party and government organizations, joined a number of people of all nationalities in tasting the (?cakes) and tea personally prepared by the hostess and talking with one another cordially. Comrade Tomur Dawamat was the first speaker at the meeting. He said: We are here to study your experiences in promoting nationality solidarity. You have done very well in promoting nationality solidarity. [passage omitted]

Comrade Song Hanliang said: We are here today for the sole purpose of calling on comrades of the No 81 compound, an advanced collective in promoting nationality solidarity. [passage omitted]

Taiwan Self-Government League Congress Opens
OW240407 Beijing XINHUA in English
1316 GMT 23 Nov 87

[Text] Beijing, November 23 (XINHUA)—The Fourth National Congress of the Taiwan Democratic Self-Government League opened here today in conjunction with a meeting marking the 40th anniversary of the league's founding.

About 120 representatives from all over China and several hundred league members attended the opening session of the congress in the Great Hall of the People.

Present were Xi Zhongxun and Yang Jingren, on behalf of the Communist Party Central Committee and the National Committee of the Chinese People's Political Consultative Conference.

The league was set up by patriotic democrats from Taiwan Province (and) Hong Kong [on] November 12, 1947.

Speaking at the congress, Xi Zhongxun praised the league for its (work) over the last 40 years.

He said that in its early days the league fought against imperialist schemes to separate Taiwan from China, and contributed to the founding of an independent, unified and prosperous new China.

Since the founding of new China in 1949, Xi said, it has upheld a political orientation of serving socialism and working hard for China's reunification.

Commenting on the Taiwan authorities' recent action to relax restrictions on mainland travels, Xi called it "a wise decision."

He said that it is a consistent policy of the Chinese Communist Party and Government to pursue free travel between Taiwan and the mainland. "We place our hope on the Taiwan authorities, but still more on the people of Taiwan," he said.

Li Chunqing, vice chairman of the league, said that the league supports the policy of "one country, two systems" and peaceful unification of the motherland.

"The league will do its best to safeguard the democratic rights of the Taiwan people and their interests," he said.

Today's meeting was presided over by Su Ziheng, chairman of the league.

Official Sends Greetings to Taiwan Sportsmen
OW210525 Beijing Domestic Service in Mandarin
1030 GMT 14 Nov 87

[Text] On the morning of 14 November, Li Menghua, president of the All-China Sports Federation, gave a radio speech at our station, sincerely expressing the federation's four wishes to people involved in sports in Taiwan.

1. The federation warmly welcomes various sports associations in Taipei, China, to organize teams to participate in the 1989 International Men's Basketball Championship and the 1991 Asian Baseball Championship, both of which will be hosted by the motherland.

2. It looks forward to seeing outstanding athletes from Taiwan participate in the 11th Asian Games in 1990, which will be held on the mainland.

3. It welcomes athletes from Taiwan to participate in the National Games and to compete in the various events, and it looks forward to seeing people from the field of sports, coaches, and athletes from the two areas come together for training, exchange of experiences, academic discussions, and friendly matches. Physical education colleges and departments in the motherland welcome circles in Taiwan to send their people to the mainland to give lectures, to receive training, or to study. We are also prepared to organize people from the field of sports in the mainland to go to Taiwan for visits and studies.

4. It warmly welcomes people from the field of sports in Taiwan to the mainland for family visits and reunions.

Taiwan Residents Visit Relatives in Fujian
HK250139 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0857 GMT 23 Nov 87

[Article by ZHONGGUO XINWEN SHE reporter Zhou Jingluo (0719 2529 3157): "Let the Tragedy End With This Generation"—ZHONGGUO XINWEN SHE headline]

[Text] Fuzhou, 23 Nov (ZHONGGUO XINWEN SHE)—Since Taiwan lifted the ban on 2 November to allow civilians to travel to the mainland to visit relatives, there have been hundreds of Taiwan compatriots returning to their hometowns in Fujian via Hong Kong to meet their relatives from whom they have been separated for 40 years. This has become one of the main topics of conversation among Fujian people these days.

Husbands have been separated from wives, and parents from children, for 40 years—just by the narrow Taiwan Straits. This is a great tragedy indeed.

The family reunions at piers and airports are a very moving scene. A 90-year-old grey-headed lady, helped by her son, went tottering to the Peace Pier of Xiamen to greet her eldest daughter, who had left home for Taiwan 40 years ago. The daughter knew that the mother was still alive, but she would never have dreamed of seeing her 90-year-old mother waiting for her at the pier. She was moved so deeply that she cried hot tears on her mother's shoulder....

As the old saying goes: A mother would never dislike an ugly son, and a son would never dislike his impoverished family. Although ordinary families in Fujian are not as rich as those in Taiwan, almost all Taiwan compatriots visiting relatives here do not stay in first-class guesthouses but in their kin's homes. After all, these are the old homes of their family! That daughter who met her mother at the pier in Xiamen insisted on staying at her family's old house and sleeping with her old mother. The mother was afraid that her daughter could not get accustomed to the living conditions at home. But the daughter told her mother: "I haven't served you for 40 years. Now it is good fortune for me to stay with you for several nights!" I have visited their home on invitation. Talking with me, the daughter combed her mother's grey hair gently with her hands. With deep feelings she said: "My mother had endured all sufferings in order to bring up her children. During the anti-Japanese war, my father, who worked abroad

in Southeast Asia, couldn't send money to us. So my mother had to go alone to Longhai to do business. To bring us up she had to experience all dangers and hardships of life."

Not all returning children can see their parents alive. Mr Xu of Zhangpu in Southern Fujian was press-ganged and sent to Taiwan in 1949. Separated from his home village, he has been missing his old mother every day and night. A few days ago, when he returned in a hurry to his home village, his 91-year-old mother was seriously ill in bed. Kneeling before the bed and greeting his mother, the son just hoped that she could answer him. However, the mother, who had had apoplexy for a long time, could not speak anymore; she could only look at her son, her eyes brimming with tears.... Most children returning from Taiwan will not see their parents alive. The only thing they can do is to visit their parents' tombs, asking the latter to forgive them for returning late.

Kinship is the deepest of affections, and separation between family members is the most painful experience. Such tragedies should and can come to an end with this generation. May husbands and wives, parents and children, and brothers and sisters reunite! Let people be able to travel freely between Fujian and Taiwan, to reach the other bank of the Taiwan Straits within one night like they usually did in the past! Let the following generations no longer have to wait for their relatives at piers, holding placards bearing the latter's names!

Overseas Chinese Commission Meets in Taipei

Hears Lee Huan Speech

OW230423 Taipei CNA in English
0259 GMT 23 Nov 87

[Text] Taipei, Nov. 23 (CNA)—Lee Huan, secretary general of the Kuomintang's Central Committee, said Sunday the government of the Republic of China and the ruling party will never abandon their anti-communist stand.

Speaking at the closing ceremony of the Overseas Chinese Affairs Commission [OCAC] general meeting, Lee said the lifting of the emergency decree was meant to fulfill the ideals of a democratic, free and equal society as set forth by Dr Sun Yat-sen, the nation's founding father, in his Three Principles of the People.

The government's recent measure on allowing people in Taiwan to visit their relatives on the Mainland was based on humanitarian considerations, Lee said. It did not mean that the government and the ruling Kuomintang had abandoned their anti-communist stand.

Lee called on members of the Overseas Chinese Affairs Commission to help promote the thought of the three principles of the people abroad to work together with their compatriots at home to accomplish the sacred mission of national recovery.

Red Chinese Air Force pilot Liu Chih-yuan's recent flight to freedom indicated that a fierce internal struggle still exists within the Chinese Communist regime after its party "congress," Lee said.

The Chinese Communist leaders said in their party "congress" that Mainland China would need 100 years to catch up with the living standards of Western countries. This statement alone has caused the Chinese compatriots on the Mainland to lose their confidence in the communist regime. Liu's seeking freedom is a living example, Lee said.

Lee also referred to the instructions of President Chiang Ching-kuo that the Overseas Chinese Affairs Commission should strengthen its organization and functions to further promote its service to Overseas Chinese.

The OCAC meeting opened last Friday with more than 160 commission members from around the world participating.

Discusses Expanding Functions

OW230405 Taipei CNA in English
0337 GMT 23 Nov 87

[Text] Taipei, Nov. 23 (CNA)—The Overseas Chinese Affairs Commission's [OCAC] general meeting Sunday suggested the Republic of China Government expand OCAC's operations and functions to meet new future situations.

The meeting passed 89 proposals Sunday on the main theme of "new situation, new understanding and new subject—strengthening Overseas Chinese Affairs' functions and expansion."

Other proposals included the simplification of entry applications by Chinese residing in Hongkong and Macao, and decreasing the amount of time Chinese Mainland compatriots must stay in a free country before coming to Taiwan from five to two years.

The government should continue its policy of selecting central government parliamentarians from among Overseas Chinese communities abroad to ensure their participation in domestic political affairs, and severely punish in accordance with the law those small group of ambitious elements who advocate "Taiwan independence" and committed violence, OCAC said.

OCAC also urged the ROC Government to hold traveling exhibitions in leading Overseas Chinese communities to introduce them to the culture of the three principles of the people and to establish large scale Chinese culture museums in foreign countries to spread Chinese culture internationally.

Interior Minister on Promoting Party Politics

OW240317 Taipei CNA in English
0230 GMT 24 Nov 87

[Text] Taipei, Nov. 24 (CNA)—Interior Minister Wu Po-hsiung said Monday that the government is revising the Civic Body Law to give necessary legal status to political parties so as to promote party politics in the Republic of China.

Wu spoke to a joint meeting of the Legislative Yuan's interior judicial committees which were screening the revised draft of the Civic Body Law Effective During the Period of Communist Rebellion.

Several lawmakers suggested during the meeting that part of the title, "Effective During the Period of Communist Rebellion," be dropped and that the government either enact a political party law or put the regulations governing political parties into the Law of Elections and Recall.

Wu said, however, that the full name of the law should remain unchanged as the nation is still in an extraordinary period.

As to including the regulations on political bodies in the Law of Elections and Recall, Wu said that the government is considering doing so by revising the law to give subsidies to political parties and to open tv channels to election programs.

Citing West Germany as an example, Wu said that it would be impractical for the nation to enact a political party law now because it might take a long time to complete the legislation. He stressed, however, that "the government did not rule out the possibility of enacting such a law in the future."

As to the proposal that a special committee screening the applications for and overseeing the operations of political parties be established under the Judicial Yuan to ensure its fairness, Wu said that it would be more appropriate for the proposed committee to be placed under the jurisdiction of the Interior Ministry—the agency responsible for overseeing the activities of all civic bodies.

Direct Trade With Mainland China 'Ruled Out'
OW232107 Taipei CNA in English
1550 GMT 23 Nov 87

[Text] Taipei, Nov. 23 (CNA)—The Executive Yuan (cabinet) Monday ruled out possibility of setting up a "mainland trade ad hoc committee," saying that the Republic of China's [ROC] stand of not trading directly with the Chinese mainland remains unchanged.

The Yuan was responding to an interpellation by legislator [name indistinct] Cheng-yi.

It pointed out that the economic system of Mainland China is totally different from free trade systems. Chinese communists' economic policy can change at any time and its economic system [words indistinct] international trade articles.

The Executive Yuan warned the traders in Taiwan against falling into the Chinese communist trap of disturbing the ROC's economic order.

Taiwan To Freeze 1988 Trade Surplus With U.S.
OW242119 Taipei CHINA POST in English
18 Nov 87 p 12

[Text] Top-ranking economics and finance officials will present a comprehensive plan on reducing Taiwan's trade surplus with the United States during the 11th ROC [Republic of China]-U.S. Industry and Commerce Joint Meeting to be held in New Orleans Nov. 21-24.

Economics Minister T.H. Lee, Finance Minister Robert C. Chien and other ROC officials will leave for New Orleans tomorrow for the meeting in which the ROC side will promise to freeze Taiwan's 1988 trade surplus with the U.S. at US\$16 billion.

To reduce the trade surplus, a finance official said, the government will further open the local market to American goods. He said the government has directed the Export-Import Bank of the ROC to provide low-interest loans to manufacturers for importing American-made machinery.

Moreover, the government will absorb the island's idle capital through increased public construction, including a second freeway, an around-the-island highway, the mass transit railway system (MTRS) and the urban drainage system.

In related news, Vincent C. Siew, director-general of the Board of Foreign Trade (BOFT), has left for Washington to inform U.S. officials of the easing of restrictions on some 4,000 import items.

The BOFT is also seeking a free trade zone agreement with the U.S.

Trade With East Europe Surpasses \$202 Million
OW240553 Taipei CNA in English
0341 GMT 24 Nov 87

[All figures as received]

[Text] Taipei, Nov. 24 (CNA)—The total volume of two-way trade between the Republic of China [ROC] and Eastern Europe shot up significantly during the first ten months of this year, totaling more than U.S. \$202 million.

Statistics compiled by government trade agencies show that ROC exports to Eastern Europe from January to October totaled U.S. \$59 million, an increase of over 110 [as received] from the corresponding period of 1986. At the same time, imports registered a growth of 105 percent to reach U.S. \$140 million, leaving the nation with a trade deficit of U.S. \$84 million.

East Germany topped the list as the ROC's biggest trading partner in that region, with a trade volume of U.S. \$54 million in the first 10 months of this year; followed by Poland, U.S. \$26 million; Hungary, U.S. \$20 million; Czechoslovakia, U.S. \$14 million; Romania, U.S. \$7.9 million; Russia, U.S. \$7 million; and the other Eastern European countries U.S. \$4.6 million.

The ROC's major exports to Eastern Europe were electronic products, women's and men's knitted garments, machinery, and plastic products. Major imports included equipment, chemical materials, cotton and metal products.

Trade with Eastern Europe during this time was mainly conducted through Japan, Hong Kong, Singapore and some Western European countries, with about 89 percent of the imports and 50 percent of the exports being entrepot trade.

Trade Official Comments

OW242137 Taipei CHINA POST in English
18 Nov 87 p 7

[Text] Protectionist sentiments in Western Europe and especially in the United States have prompted the ROC [Republic of China] to look for new markets and trading partners in the world. The recent moves to open up the ROC's economic, political and social institutions have turned the government to Eastern Europe—a possibility unheard of even one year ago—as a future major trading partner.

Two-way trade between the ROC and all of Eastern Europe was around US\$200 million in 1986. Through the third quarter of this year that amount has already been exceeded. As both the ROC and Eastern Europe look to internationalize their economy, the relationship is bound to expand in the coming years.

However, there are still many obstacles in the way of free and open trade between the two economies.

P.K. Chiang, secretary general of the China External Trade Development Council (CETDC), explained some of those obstacles and the outlook for future relations with Eastern Europe in the following interview with the *China Post*. Chiang recently returned from a three-day fact-finding mission in Hungary to help promote economic relations.

China Post: What benefits will accrue the local economy from the opening of trade with Eastern Europe?

Chiang: First, it will diversify our export markets. Due to the protectionist environment in the West, the government deemed the diversifications of the export market a priority. The shortage of consumer products in Eastern Europe, and its abundance of raw materials and high level of industrial development make it the perfect trading partner for the ROC. Our consumer products and computer related products should find a welcome market in Eastern Europe.

On the other hand, their agricultural and industrial raw materials are what our economy needs to import.

Post: What are some of the problems in expanding trade relations between the ROC and Eastern Europe?

Chiang: What has hampered and is still hindering two-way trade is a lack of information and an insufficient mechanical infrastructure to facilitate trade.

For example, letters of credit issued by Eastern European banks have to be confirmed by major U.S. or Western Europe banks before they can be accepted by local banks. There are no direct shipping lines between the ROC and Eastern Europe. All goods must now be shipped through third countries. Visa applications are slow and, in the

case of East European businessmen coming to Taiwan, require a local sponsor. All of these, of course, increase costs and are time consuming.

Our information and experience concerning the Eastern European market is generally insufficient. Barter trade, which is quite common with Eastern European countries, is very little understood by our businessmen. And, of course, much of this information comes only from experience.

There are political obstacles as well. All imports from Eastern Europe are taxed at higher rate than other countries. In addition, the Export-Import Bank of the ROC is not willing to insure exports to Eastern Europe. There are also restrictions on the categories of imports from Eastern Europe that are allowed to enter the ROC.

Post: What is the government planning to do to remedy the situation?

Chiang: The government is currently working on improving the export and import financing terms for local businessmen. The opening of new direct shipping lines and the creation of specialized organizations such as the "Taiwan Businessmen's Association for Eastern Europe" are being studied to help facilitate the trade process.

The government is also involved in the gathering and publishing of information to aid businesses in setting up distribution centers.

The lowering of tariffs and the easing of visa requirements are also being discussed. The government is encouraging the increase of other contacts between the two economies such as bilateral trade and promotional shows and exhibitions.

Post: What does the future look like for trade between the ROC and Eastern Europe?

Chiang: Surging protectionism around the world and the potential of the Eastern European market are two factors encouraging the ROC's future trade prospects with those countries. After the ROC's trade and non-trade barriers are dismantled, it is expected that this market will become a major target for our exports.

Fishing Authorities Protest Jakarta Actions

HK251146 Hong Kong AFP in English
1136 GMT 25 Nov 87

[Text] Taipei, Nov 25 (AFP)—The Kaohsiung Fisheries Administration (KFA) said Wednesday it has lodged a protest with Jakarta after, it alleged, an Indonesian warship opened fire on a Taiwan fishing boat, killing three crew members.

KFA director Hu Chih-chih told reporters he had presented a "serious protest over the unlawful actions" to the Indonesian Defense Ministry.

The protest was made through Yala Mina Thama Karya (YMTK), an Indonesian fishing company which had signed a bilateral cooperation agreement with Kaohsiung's Fishing Boat Commercial Guild (KFCG).

Mr. Hu said YMTK was asked to thoroughly investigate the incident.

He also demanded compensation for damages and an apology from Indonesian authorities for firing three shots at Lichun No. 1 and its 16-member crew, killing three and wounding one on Monday.

The Lichun No. 1 is a 367-ton Kaohsiung-based vessel that was among some 200 Taiwan fishing boats operating off Indonesia under an agreement with YMTK.

While saying that no warning shots had been fired, a KFA spokesman acknowledged that the boat had ignored an order to stop for inspection and that it had been chased for nearly one hour by the Indonesian naval ship.

He said he doubted that Lichun No. 1 had entered Indonesia's 12-nautical-mile offshore zone, as "the Indonesian naval ship simply left without any follow up actions" after firing the three shots.

"If Lichun No. 1 was in the wrong place, it would have been detained," he said.

Despite the agreement signed in June 1986, more than 10 Taiwan fishing boats have been detained and released after fishing companies paid fines of up to one million Taiwan dollars (33,300 U.S.), the KFA spokesman said.

Two Taiwan fishing boats are currently being held in Indonesia and fishing authorities in Taipei are continuing efforts to have them released.

Hong Kong

Governor Denies Lame-Duck Label, PRC 'Deal'
*HK250635 Hong Kong SOUTH CHINA MORNING
POST in English 25 Nov 87 p 2*

[By Ann Quon]

[Text] The Governor has reaffirmed his administration's commitment to the people of Hong Kong for the next 10 years in defence of criticism that the territory had a lame-duck Government.

Sir David Wilson also denied suggestions that a deal had been struck between Beijing and London on delaying the introduction of direct elections next year.

At his second news conference since assuming office in April, Sir David touched on a number of issues ranging from reaffirming the dollar link, defence costs, the Daya Bay nuclear power plant and the growing influence of China in Hong Kong affairs.

However, political reform dominated the 45-minute news conference in which he defended his government against the lame-duck charges.

"This administration has 10 years to run. That is a reality. That is in fact over twice the length of time that any British government can expect to survive. It is more than twice that of a presidential length of term.

"It's rather like talking about an American President as being a lame-duck two years before he is first elected."

He said the administration's commitment to long-term projects such as the building of roads, tunnels and developing the container port dispelled any impression of a lame-duck Government.

Sir David refuted a suggestion made recently by Legislative Councillor, Mr Martin Lee, that Britain and China had made a deal to delay the introduction of direct elections next year.

Sir David, who leaves for his second trip to China next week, said he would again meet the Deputy Foreign Minister, Mr Zhou Nan, and the three top officials in charge of Hong Kong and Macao Affairs, Mr Ji Pengfei, Mr Li Hou and Mr Lu Ping.

Although he drew a veil around his forthcoming talks, they will centre on political reforms.

This is seen as crucial should Hong Kong want to make some provision for direct elections in the policy making White Paper on political reforms.

The Executive Council began its secret deliberations on the Survey Office report, on which it will base its decisions about the White Paper, yesterday.

However, Sir David declined to divulge a timetable for the drafting of the White Paper, saying only it would take some weeks and that the Executive Council would take plenty of time to consider all the views contained in the Survey Office report.

China is opposed to the introduction of direct elections in 1988 and wants them delayed until the Basic Law is ready in 1990.

While there was support for some element of direct elections before 1997, the community was sharply divided on the question of 1988, he said.

Sir David said it was important for the government and the Hong Kong public to work together.

"If people feel that they are lacking leadership then that is a failure of our system. We should be trying to create a society in which people feel they are facing the problems of the future together. I think that is very important for Hong Kong because we do have problems to face."

Asked whether the government was concerned about the growing influence of mainland China in Hong Kong affairs, he attributed it to growing links between the two trading partners.

Sir David also said Hong Kong people had to face reality.

"We have to look at the reality of the future—that in 10 years' time roughly, Hong Kong is going to be a Special Administrative Region of the People's Republic of China."

On financial matters, Sir David stressed that the Hong Kong link to the U.S. dollar would remain and that there were no immediate plans to revalue it, despite its falling value against other currencies.

Sir David said Hong Kong's image as a financial centre had suffered as a result of the closure of the stock market for four days last month.

"We have suffered some damage but I don't think that damage need be serious or long-term. Nobody likes to see a stock market close down."

Sir David said there were lessons to be learned and that he expected a recently appointed commission of inquiry to advise him within six months on any measures needed to improve the markets.

Sir David who was in the United States promoting Hong Kong's free trade image during the Black Monday crisis, defended his decision not to cut short his trip and return to Hong Kong.

On negotiations with Britain over the cost of keeping the garrison, he could not say when an agreement would be reached.

"I cannot at this stage say when (or) whether we will reach an agreement, but I am hopeful we will reach an agreement before the present one runs out early next year."

He said no timetable had been reached for the withdrawal but he said only the minor forces would be phased out first.

The present seven-year pact expires next March and a recent round of talks to negotiate a new agreement resulted in deadlock.

Sir David said the Government shared the public's concern that the Daya Bay nuclear plant 50 km from Hong Kong should be built to high standards and that when incidents of "non-conformity" were discovered, they should be made known and every effort was being made by the Chinese to do this.

Lee Warns Against Future Colonial System
HK230305 Hong Kong HONGKONG STANDARD
in English 23 Nov 87 p 2

[Text] A Basic Law drafter warned yesterday that China appeared to want the present colonial political system to stay after 1997, which would deprive Hong Kong of any high degree of autonomy.

Mr Martin Lee said a bad tendency was developing among Basic Law drafters which would bode ill for Hong Kong's future.

He was speaking at a seminar on Basic Law organised by the Joint Committee on the Promotion of Democratic Government.

"Some of my colleagues in the Basic Law Drafting Committee, especially those from China, seem to favour copying the local political system as much as possible for the future Special Administration Region."

"And it seems to me that the power of the future legislature would be smaller than the present one."

He warned that since the local political system was colonial and not democratic, Hong Kong's chances of maintaining its way of life as promised in the Joint Declaration would be greatly affected.

"How can the high degree of autonomy in the territory be preserved and the 'one country and two systems' concept be implemented if there is no genuine democracy," he said.

"We can't let China listen to only views of the Basic Law Consultative Committee because two thirds of them are not democratically elected and they are subject to the *Xinhua News Agency's* influence."

Solicitor Mr Albert Ho slammed a proposal, put forward by some businessmen in the Basic Law Consultative Committee, that half the members in the legislature should come from functional constituencies.

"It's very arbitrary as many people belong to certain professions which have no formal representative associations," said Mr Ho.

Besides those legislative members being divided on the interests of the public and their own professions, Mr Ho also warned of the potential danger of China's special attitude towards businessmen.

Courts To Use English Language After 1997
HK240721 Hong Kong SOUTH CHINA MORNING
POST in English 24 Nov 87 p 2

[By Lindy Course]

[Text] The English language would not become subordinate to Chinese in Hong Kong courts after 1997, director of Hong Kong and Macao Affairs Office, Mr Ji Pengfei has assured the Law Society.

Returning from the first official visit to China by the Council of the Law Society, the President, Mr Simon Ip, said he had told Mr Ji and his deputy Mr Lu Ping, that if Hong Kong were to remain an international financial and commercial centre, English must not be subordinate to Chinese.

It must have equal status while a fully bilingual legal system was being developed, he had said.

Mr Ji, who is also chairman of the Basic Law Drafting Committee, told the Hong Kong delegation this was enshrined in the Joint Declaration and would not be changed.

Mr Ip also raised the composition of the final Court of Appeal, which the Law Society believes should have to permanent members from Hong Kong—including the Chief Justice—and three members from other common law jurisdictions who should be selected to sit each time it convened. He said this would maintain the confidence of international investors.

The delegation's 11-day visit to Beijing, Xian and Guangzhou was at the invitation of the All China Lawyers' Association and Mr Ip said he had been very impressed by the progress in China's legal reform.

"It was encouraging to hear that, after the 13th Party Congress, more reforms would be introduced giving greater independence to lawyers," he said.

"Instead of all lawyers being controlled and regulated by the Minister of Justice, that will now pass to the All China Lawyers' Association. So they are looking at a system which will be closer and closer to ours. That is very significant."

Of the lawyers they met, Mr Ip said several indicated that they would accept cases against the state. They all realised the advantages of Hong Kong's system with its independent judiciary and an independent profession.

He said they seemed committed to reform and realised the need for a comprehensive and efficient legal system in China before it could develop economically.

They were also willing to admit deficiencies in their own system, Mr Ip said.

As for our system prevailing after 1997, Mr Ip said that, provided China understood and respected Hong Kong's system, there was no reason why it should not continue.

The possibility of setting up a People's Republic of China law firm in Hong Kong was raised during the visit and although technical matters are still being discussed, Mr Ip hopes that a firm will open in the territory next year.

Police 'Special Branch' May Disband by 1992
HK250451 Hong Kong HONGKONG STANDARD in English 25 Nov 87 p 1

[*"Exclusive"* by crime reporter Justin Dear]

[Text] The Hong Kong police's elite and secretive Special Branch may disband by 1992, according to government sources.

The move is likely, they say, to protect security and to prevent potentially embarrassing information being passed to the new Special Administrative Region government after 1997.

The Special Branch was formed in the 1950s to monitor communist infiltration into Hong Kong from China. It has continued to deal principally with left-wing political activity.

As the hand-over to China draws nearer, it is believed the government could replace the branch with a streamlined organization dealing only with rightwing activity.

Sources say the government feels some information in Special Branch files may be too sensitive to be handed over after 1997.

While the files could be moved back to Britain, most of the information in them would still be known by serving officers, who could be pressured to reveal it.

Disbanding the branch in 1992 would be logical because five years is considered long enough to make worthless any information the officers may have.

Local policemen serving in the branch would be able to avoid problems in the future by emigrating to Britain.

A clause in the Nationality Act inserted at the insistence of Hong Kong allows civil servants to apply for citizenship on the basis of their past service to the crown.

This clause will apply particularly to officers who have served in sensitive posts.

The British Government has been unwilling to say how many local civil servants will be eligible to apply in this way, but of the estimated 1,000 officers serving in the Special Branch, about 75 percent are local.

Local officers are said to be reluctant to join the branch because of worries over the future.

The sources say if the branch is disbanded in 1992, any information known to officers will be out of date by 1997.

The Special Branch also has a policy whereby anyone leaving it may not visit China or Taiwan for five years, to prevent them being compromised by authorities in either country.

"Anyone knowing this might well apply the same time span to the disbandment of the Special Branch," said one source.

The Special Branch has maintained the policy of not putting local people in a position where they might be compromised, by insisting that all confidential clerical work be carried out by British secretaries.

Trade Figures Underline 'Strength' of Economy
HK250239 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 25 Nov 87 p 1

[By Michael Marray]

[Text] The value of domestic exports in October stood at \$18.2 billion, an increase of 18.4 percent over the same month last year, figures released yesterday by the Census and Statistics Department revealed.

The value of re-exports increased by 39 percent to \$17.1 billion, boosting the value of total exports by 27.6 percent to \$35.3 billion.

Imports grew 24 percent in value to \$34.7 billion.

The increases show a slight tapering off of growth levels compared with earlier in the year, but this is partly because they are being measured against higher base figures.

"The October figures, which are still very impressive, underline the strength of the economy this year," commented Anthony Wong, head of economic research at the Hang Seng Bank.

"But the high growth rate reached in the past year is not sustainable," he added.

"We are anticipating a deceleration in the growth rate."

Mr Wong said one worry for Hong Kong now was the possibility of a slowdown in economic activity in the United States.

This would exaggerate the slowdown that had previously been anticipated, he said, but as yet it was uncertain how the U.S. economy would perform in the coming year.

"We will have to wait and see," Mr Wong said.

Putting the month's trade figures into context, the value of total exports for the first 10 months of the year was \$305.5 billion, made up of domestic exports of \$159.3 billion and re-exports of \$146.2 billion.

Compared with the same period last year, the value of total exports grew by \$84.1 billion or 38 percent, that of domestic exports by \$35.6 billion or 28.8 percent, and that of re-exports by \$48.5 billion or 49.7 percent.

Over this period the value of imports grew by \$82.4 billion, or 37.1 percent to \$304.9 billion.

A small cumulative visible trade surplus of \$620 million, equivalent to 0.2 percent of the value of imports, was recorded in the first 10 months of this year.

This compares with a deficit of \$1.1 billion, equivalent to 0.5 percent of the value of imports, recorded in the same period last year.

For the month of October the value of total exports was greater than that of imports, and so a visible trade surplus of \$556 million, equivalent to 1.6 percent of the value of imports, was recorded for the month.

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